



DEPARTMENT OF
LABOR
& INDUSTRIAL RELATIONS



Missouri Division of Workers' Compensation Annual Report

MISSION STATEMENT:

***"To Promote and Protect
Industry and Labor"***



Table of Contents

Table of Contents.....	2
Introduction	3
Organizational Chart.....	4
Biographies.....	5
Administration.....	6
Assessments & Expenditures	8
WC Administration Fund	8
Second Injury Fund	9
Workers' Compensation	10
First Reports of Injury	10
Claims for Compensation	14
Occupational Disease Claims	17
Fatalities	19
Second Injury Fund.....	20
Claims	20
Benefit Payments	23
Recovery Payments	26
Fraud and Noncompliance	27
Insurance	32
Legal	33
Line of Duty Compensation Fund.....	34
Customer Service.....	35
Toll-Free Line	35
Dispute Management.....	36
Voluntary Mediation.....	36
Adjudication.....	38
Docket Settings & Hearings	40
Case Resolutions.....	42
Tort Victims' Compensation Fund.....	43
Crime Victim's Compensation Fund	43
Accomplishments and Initiatives.....	44
Interstate Comparison	45
MO DWC Contacts.....	46
Additional Contacts	47

Tables & Figures

Administration Fund Assessment Rate.....	8
Second Injury Fund Assessment Rate	9
First Reports of Injury	10
First Reports of Injury by County	11
First Reports of Injury by Industry.....	12
First Reports of Injury by Age & Gender	13
First Reports of Injury by Body Part.....	13
Claims for Compensation	14
Claims for Compensation by Industry	15
Claims for Compensation by Body Part.....	15
Claims for Compensation Outcomes.....	16
Occupational Disease Claims	17
Occupational Disease Claims by Injury.....	18
Occupational Disease Claims by Industry.....	18
Fatalities.....	19
Fatalities by Age & Gender	19
Fatalities by Industry.....	19
Second Injury Fund Claims.....	21
Second Injury Fund Claim Resolutions	22
Second Injury Fund PTD Payments	23
Second Injury Fund PPD Payments	24
Second Injury Fund Death Payments	24
Second Injury Fund Rehabilitation Payments.....	25
Second Injury Fund Indemnity Payments	25
Second Injury Fund Medical Payments	26
Fraud & Noncompliance Cases Received	28
F & N Cases Administratively Closed	28
F & N Cases Referred to Attorney General	29
F & N Referrals to AGO by Party or Industry	29
Successful F & N Prosecutions.....	30
Deferred Prosecutions & Hold Harmless Agreements	30
F & N Penalties Received.....	31
Self Insurance Program Statistics.....	32
Individual Self Insurers by Industry.....	32
Religious Exception Program Statistics	33
Reasonableness Medical Fee Disputes	33
Toll-Free Line Calls.....	35
Referrals for Voluntary Dispute Management Assistance	36
Source of Referrals.....	37
Cause of Referrals.....	37
Voluntary Dispute Referral Outcomes.....	37
Docket Settings & Hearings by Location	40
WC Case Resolutions.....	42
WC Premium Rate Ranking.....	45



Introduction

The Missouri Workers' Compensation Law, chapter 287, of the Revised Statutes of Missouri¹, is the exclusive remedy for the employers and employees to adjudicate and resolve disputes relating to injuries or illnesses that are sustained in the course and scope of employment. Any reference to employers includes the workers' compensation insurance carrier or Division of Workers' Compensation (hereafter "Division) approved individual self-insured employer or group trust as the case may be. The Workers' Compensation Law applies to all employers that have five or more employees. Construction industry employers who erect, demolish, alter or repair improvements are subject to the law if they employ one or more employees. Partners and sole proprietors may individually elect to obtain coverage. The law does exempt a very small and very specific group of employees, which includes farm laborers, domestic servants, certain real estate agents and direct sellers and commercial motor-carrier owner-operators. Please refer to §287.090, RSMo for additional information.

All employers subject to the law must insure their workers' compensation obligations or liabilities with an insurance carrier that is authorized to provide such services in the state of Missouri by the Missouri Department of Insurance Financial Institutions and Professional Registration, or meet the requirements of the Division of Workers' Compensation to be granted self-insurance authority.

The Division administers the workers' compensation law. The Division has eight adjudication offices that are equipped to render services to the employees and employers. The Division carries out its responsibilities through several programs and units located primarily in Jefferson City, Missouri that provide the services to all stakeholders. An administrative tax not to exceed two percent is imposed on employers to fund the administrative expenses of the Division associated with the administration of the Missouri Workers' Compensation law.

Under the Missouri Workers' Compensation Law, an injured employee is entitled to medical benefits, temporary total disability benefits (TTD), permanent partial disability or permanent total disability benefits, respectively. The TTD benefits generally equal two-thirds of the injured employee's average weekly wage not to exceed a maximum rate set by the legislature. The average weekly wage is determined by examining various pay periods immediately preceding the date of injury.

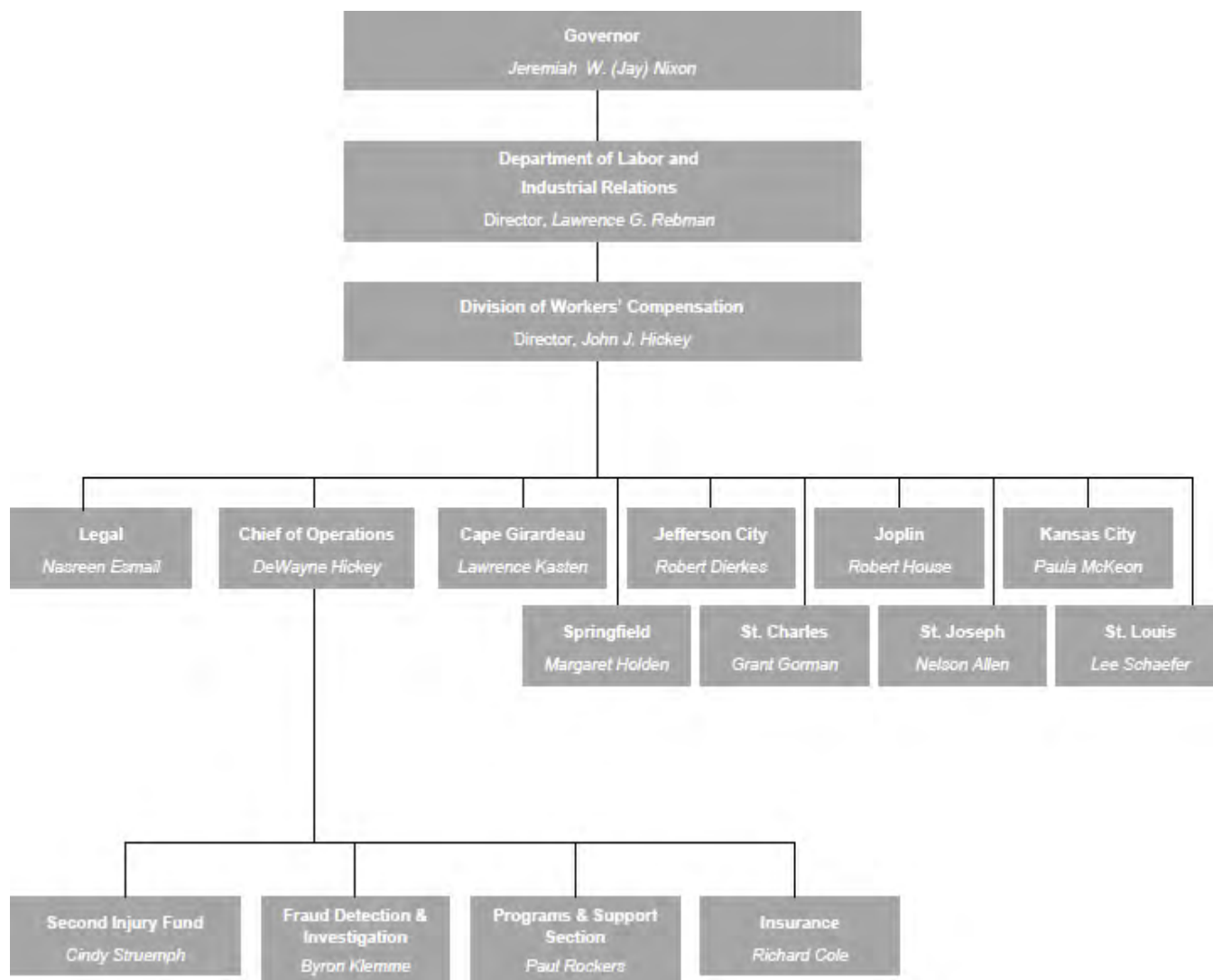
This report, as required by §287.680 RSMo, briefly describes each of the programs and units and summarizes² the transactions and proceedings undertaken for the year 2011.

¹ For ease of reading, the Report refers to the Workers' Compensation Law and its components in informal format. All references, however, are to the Revised Statutes of Missouri, Cum. Supp. 2010 unless otherwise specified.

² All tables, figures and data in this report were derived from documents filed and information reported to the Division of Workers' Compensation as required by law, unless otherwise noted. The techniques and analysis used are appropriate and reasonable based upon information currently available and as reported to the Division.



Organizational Chart





Biographies



Lawrence G. Rebman

Director, Department of Labor

Formerly of Kansas City, Mr. Rebman earned his bachelor's degree in economics from the University of Missouri-Columbia and his juris doctorate from the University of Missouri-Kansas City School of Law. Prior to joining the Department, he worked for the Attorney General's Office (AGO) as an Assistant Attorney General. After his tenure in the AGO, he entered into private practice.



John J. Hickey

Director, Division of Workers' Compensation

Gov. Jay Nixon appointed John J. Hickey to serve as the Division of Workers' Compensation Director of the Missouri Department of Labor in June 2011. Prior to this appointment, Hickey served as the employee representative commissioner on the Labor and Industrial Relations Commission for nine years. Hickey also represented the 80th District in the Missouri House of Representatives from 1993 to 2002. Mr. Hickey served on both the **Workers' Compensation Committee** and Labor Committee for 10 years and was Chairman for 7 years.



Administration

DIVISION OF WORKERS' COMPENSATION

DeWayne Hickey, *Chief of Operations*

The Chief of Operations reports to the Division Director and is responsible for the day-to-day operations of most units within the Division of Workers' Compensation. This position works closely with management staff to optimize daily operations and ensure the Division's mission and goals are achieved.

PROGRAMS & SUPPORT

Paul Rockers, *LIR Manager*

The Programs and Support Unit is the recipient of all filings made by the parties with the Division. Examples of documents or reports received by the Division that comprise the **workers' compensation official records in a particular case are claim for compensation, answer to claim for compensation, first report of injury, medical records, applications for medical fee disputes, etc.** This unit's functions include **claims processing, database management, case review, imaging, EDI monitoring (electronic data interchange) fulfilling copy work requests and responding to inquiries by the Social Security Administration.** This unit also oversees the Customer Service Unit, which handles all calls to the Division on the toll-free line.

INSURANCE

Richard Cole, *LIR Manager*

The Insurance Unit oversees roughly 32 percent **of the workers' compensation insurance market** as many employers take advantage of the option to self-insure their obligations. Missouri has stringent requirements that need to be met prior to granting self-insurance authority to an employer, including requirements that relate to financial stability, **loss history, safety and claims handling process.** The unit's functions consist of **reviewing applications, overseeing the existing self-insured entities and conducting claims audits.**

LEGAL

Nasreen Esmail, *Chief Legal Counsel*

The Legal Unit provides legal advice and assistance to the Division Director and the various units and programs within the Division. The Legal Unit oversees the Religious Exception Program, Medical Fee Dispute Program, Line of Duty Compensation Fund, Proof of Coverage and the Dispute Management Unit. The unit responds to subpoenas and requests for records, complaints referred by other agencies, constituent requests and all email inquiries that are sent to the Division's website. **In addition to various other duties, the unit also drafts proposed rules and amendments to the existing regulations to be filed with the Joint Committee on Administrative Rules and Secretary of State's office upon approval by the Department and the Labor and Industrial Relations Commission.**



DISPUTE MANAGEMENT

Glenn Easley, *Mediator*

This unit is responsible for providing information and attempting to resolve disputes between employers and injured employees prior to a case escalating to formal litigation. Division information specialists receive approximately 1,800 telephone calls per month from stakeholders with questions about workers' compensation law, procedural requirements or status of a particular case. These calls are made on a special 800 number maintained by the Division. Referrals are made to the Dispute Management Unit when it appears that a dispute can be resolved at the early stages of a case by intervention from the Division. Written requests for mediation from injured workers also are received by the mediator to determine if any disputes can be resolved by telephone conferences, rather than a personal appearance at one of the adjudication offices.

SECOND INJURY FUND

Cindy Struemph, *LIR Manager*

The Second Injury Fund Unit (hereafter "SIF Unit") is responsible for the billing and collection of the Second Injury Fund (hereafter "SIF") surcharge as well as processing SIF benefits. When an employee is eligible for benefits and a compromise settlement has been approved or an award has been issued by the Administrative Law Judge, the Division processes payments to the injured worker. The SIF Unit also pursues recoveries of overpayments made on permanent total disability cases and certifies the rehabilitation facilities and vocational rehabilitation providers. The SIF Unit also oversees the records in the Division's file room which are transferred to the Secretary of State's Office.

FRAUD & NONCOMPLIANCE

Byron Klemme, *Investigation Manager*

The Fraud and Noncompliance Unit is responsible for investigating alleged fraud and noncompliance in workers' compensation. This unit investigates allegations of fraud by employees, employers, attorneys, insurers or physicians. Noncompliance is the failure by employers to carry workers' compensation insurance, or to post notice of workers' compensation at the workplace. Appropriate cases of fraud and noncompliance are referred to the Missouri Attorney General's Office for prosecution.

ADJUDICATION

The Division's statutory responsibility to adjudicate and resolve disputes under the law is fulfilled by the eight adjudication offices throughout the state of Missouri. The Administrative Law Judges, court reporters, docket clerks and assistants provide the services to the parties to the case who appear at the scheduled docket settings in each respective office. The Division offers various docket settings to assist with the timely resolution of workers' compensation claims. The Division also schedules evidentiary hearings on medical fee disputes, crime victims' compensation cases and tort victims' compensation cases.



Assessments & Expenditures

Workers' Compensation Administrative Fund Tax & Surcharge

As required by §287.690 and §287.716 RSMo, the State of Missouri imposes a workers' compensation administrative tax on all workers' compensation insurance carriers and self-insured employers and an administrative surcharge on every workers' compensation deductible plan policyholder insured in Missouri. Section 287.690 RSMo authorizes the imposition of an administrative tax not to exceed two percent and §287.716 RSMo authorizes the imposition of an administrative surcharge at the same rate as the administrative tax. The revenue from the administrative tax and administrative surcharge is used to fund expenses associated with the administration of Missouri's Workers' Compensation Law. The Director of the Division determines the rates for the subsequent calendar year by October 31, using the formula set forth in §287.690 RSMo.

Year	Premium Base	WC Assessment Rate	Revenue Collected*
2002	\$1,394,657,695	1.0%	\$3,464,061
2003	\$1,858,069,744	2.0%	\$24,518,368
2004	\$2,025,220,834	1.0%	\$58,420,436
2005	\$2,038,285,101	0.0%	\$4,910,336
2006	\$2,011,936,403	0.0%	\$1,637,961
2007	\$1,935,620,269	1.0%	\$11,836,057
2008	\$1,694,928,423	1.0%	\$15,066,584
2009	\$1,514,085,982	0.5%	\$8,694,109
2010	\$1,323,493,497	1.0%	\$12,296,302
2011	Not yet available	1.0%	\$12,064,890

Source: Missouri Department of Insurance, Financial Institutions and Professional Registration and Missouri SAM II Financial System.

* *Note:* Although the Premium Tax Rate for some calendar years was set at 0.0 percent, insurance companies still remitted workers' compensation taxes, which may have represented delinquent taxes or adjustment amounts.

BALANCE of fund on January 1, 2011	\$ 14,141,961
Revenue:	
Tax & Surcharge Collections	12,064,890
Interest	85,603
Miscellaneous Receipts	1,016,581
Total Revenue	\$ 13,167,074
Expenditures:	
Administrative Costs	15,183,030
Total Expenditures	\$ 15,183,030
BALANCE of fund on December 31, 2011	\$ 12,126,005



Second Injury Fund Surcharge

Section 287.715 RSMo provides for the collection of an annual surcharge from every authorized self-insurer and every workers' compensation policyholder insured in Missouri. This revenue is used to pay benefit and expense liabilities of the Second Injury Fund. Like the workers' compensation administrative tax and surcharge, the surcharge rate is calculated by October 31 for the subsequent year by the Director of the Division using the formula set forth in §287.715.2 RSMo and shall not exceed three percent.

Year	Premium Base	SIF Assessment Rate	Revenue Collected
2002	\$1,394,657,695	2.5%	\$38,194,218
2003	\$1,858,069,744	4.0%	\$62,387,266
2004	\$2,025,220,834	4.0%	\$78,514,648
2005	\$2,038,285,101	3.5%	\$72,990,094
2006	\$2,011,936,403	3.0%	\$62,150,267
2007	\$1,935,620,269	3.0%	\$68,264,360
2008	\$1,694,928,423	3.0%	\$54,769,650
2009	\$1,514,085,982	3.0%	\$53,324,593
2010	\$1,323,493,497	3.0%	\$40,862,081
2011	Not yet available	3.0%	\$40,938,834

Source: Missouri Department of Insurance, Financial Institutions and Professional Registration and Missouri SAM II Financial System.

BALANCE of fund on January 1, 2011	\$ 4,076,872
Revenue:	
Surcharge Collections	40,938,834
Interest	35,464
Miscellaneous Receipts	2,310,066
Total Revenue	\$ 43,284,364
Expenditures:	
Benefit Disbursements	37,345,127
Administrative Costs	4,169,210
Total Expenditures	\$ 41,514,337
BALANCE of fund on December 31, 2011	\$ 5,846,899

Source: Missouri SAM II Financial System



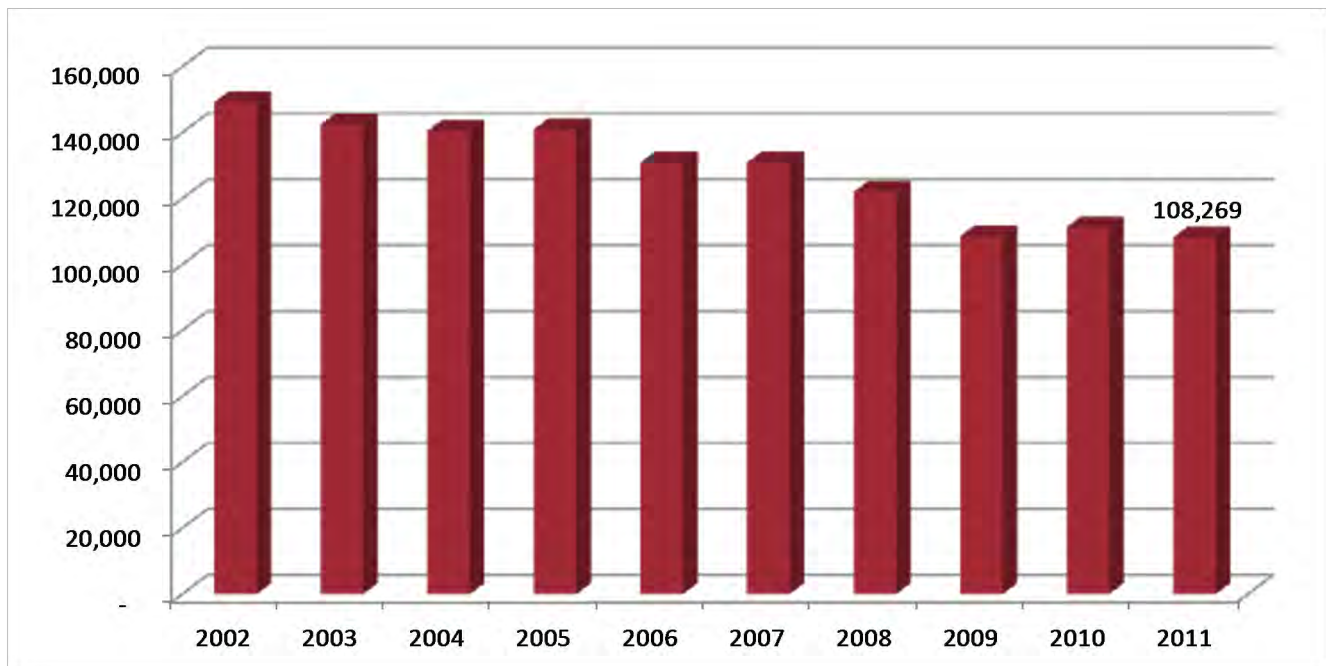
Workers' Compensation

First Reports of Injury (FROIs)

Every injury and occupational disease occurring in Missouri, except "first aid" cases not requiring medical treatment or lost time from work must be reported to the Division. The injury must be reported to the Division within 30 days of the employer or his insurer having knowledge of the injury. The employer must report all injuries to its insurance carrier or third party administrator within five days of the date of the injury or within five days of the date on which the injury was reported to the employer by the employee, whichever is later. Since July 1995, the Division has been receiving FROIs by electronic data interchange (EDI). This process minimizes errors, ensures timeliness in reporting, and reduces costs for the reporting entities and the Division. In 2011, 98 percent of FROIs were filed electronically (through EDI or the web). The increase in EDI filings has also significantly reduced the average time to process FROIs. In 2000, the average time to process FROIs was 14.5 days and by 2010, the average time to process decreased to 1.4 days. The process time decreased further in 2011 to only 1.3 days.

Total FROI filings have generally decreased an average of just over four percent a year from 2005 to 2011, though there was a slight increase in 2010.

First Reports of Injury Filed 2002 - 2011





FROIs by County - 2011

<u>County</u>	<u>FROI</u>		<u>County</u>	<u>FROIs</u>		<u>County</u>	<u>FROIs</u>
Adair	438		Grundy	122		Perry	526
Andrew	61		Harrison	108		Pettis	979
Atchison	74		Henry	343		Phelps	716
Audrain	706		Hickory	38		Pike	324
Barry	965		Holt	54		Platte	2,207
Barton	146		Howard	69		Polk	262
Bates	117		Howell	750		Pulaski	617
Benton	149		Iron	124		Putnam	34
Bollinger	49		Jackson	14,003		Ralls	45
Boone	3,484		Jasper	3,477		Randolph	515
Buchanan	2,521		Jefferson	1,783		Ray	163
Butler	784		Johnson	743		Reynolds	70
Caldwell	50		Knox	47		Ripley	87
Callaway	901		Laclede	690		Saline	656
Camden	692		Lafayette	518		Schuyler	27
Cape Girardeau	1,428		Lawrence	422		Scotland	55
Carroll	79		Lewis	187		Scott	911
Carter	53		Lincoln	440		Shannon	41
Cass	1,088		Linn	216		Shelby	131
Cedar	156		Livingston	300		St. Charles	4,886
Chariton	56		McDonald	456		St. Clair	50
Christian	641		Macon	204		St. Francois	1,178
Clark	79		Madison	114		St. Louis City	6,462
Clay	5,391		Maries	62		St. Louis	21,450
Clinton	326		Marion	706		Ste. Genevieve	267
Cole	1,740		Mercer	77		Stoddard	406
Cooper	235		Miller	305		Stone	216
Crawford	267		Mississippi	208		Sullivan	78
Dade	84		Moniteau	598		Taney	1,430
Dallas	109		Monroe	77		Texas	311
Daviess	67		Montgomery	133		Vernon	311
DeKalb	49		Morgan	118		Warren	376
Dent	238		New Madrid	341		Washington	309
Douglas	83		Newton	505		Wayne	90
Dunklin	382		Nodaway	396		Webster	248
Franklin	1,694		Oregon	107		Worth	15
Gasconade	220		Osage	161		Wright	218
Gentry	121		Ozark	44		OUT OF STATE	413
Greene	6,138		Pemiscot	203		Missing	79

**FROIs by Industry - 2011**

<u>Industry</u>	<u>FROIs</u>	<u>Percent</u>
Healthcare and Social Assistance	19,579	18.1
Manufacturing	15,196	14.0
Retail Trade	11,969	11.0
Public Administration	9,805	9.1
Educational Services	9,019	8.3
Accommodation and Food Services	6,822	6.3
Construction	6,216	5.8
Transportation and Warehousing	5,407	5.0
Wholesale Trade	5,058	4.7
Administrative and Waste Services	3,725	3.4
Professional, Scientific, and Technical Service	3,659	3.4
Other Services (Except Public Administration)	2,899	2.7
Finance and Insurance	2,208	2.0
Arts, Entertainment, and Recreation	1,652	1.5
Real Estate and Rental and Leasing	1,409	1.3
Information	1,314	1.2
Utilities	1,241	1.2
Agriculture, Forestry, Fishing and Hunting	718	.7
Mining	133	.1
Management of Companies and Enterprises	110	.1
Missing	130	.1
Total	108,269	100.0



FROIs by Age and Gender

As in previous years, approximately 54 percent of injuries reported to the Division in 2011 were for males. The age group with the most reported injuries continues to be the 40-49 year olds, which accounted for just under one quarter of all injuries reported.

<u>Gender</u>	<u>Age Group</u>	<u>FROIs</u>	<u>Percent</u>
Male	Unknown	658	.6
Male	10-15	12	.0
Male	16-19	1,453	1.3
Male	20-29	12,945	12.0
Male	30-39	13,196	12.2
Male	40-49	13,771	12.8
Male	50-59	12,279	11.3
Male	60-69	4,287	4.0
Male	70-79	548	.5
Male	80-89	73	.1
Female	Unknown	496	.4
Female	10-15	13	.0
Female	16-19	1,190	1.1
Female	20-29	9,953	9.2
Female	30-39	9,345	8.6
Female	40-49	10,925	10.1
Female	50-59	11,706	10.8
Female	60-69	4,343	4.0
Female	70-79	536	.5
Female	80-89	88	.1
Unknown	Unknown	9	.0
Unknown	10-15	1	.0
Unknown	16-19	9	.0
Unknown	20-29	126	.1
Unknown	30-39	101	.1
Unknown	40-49	80	.1
Unknown	50-59	94	.1
Unknown	60-69	27	.0
Unknown	70-79	3	.0
Unknown	80-89	2	.0
Total		108,269	100.0

FROIs by Body Part

<u>Body Part</u>	<u>FROIs</u>	<u>Percent</u>
HEAD	11,179	10.3
Eyes	4,076	3.8
Soft Tissue	2,509	2.3
Mouth/Nose/Teeth	1,102	1.5
Face/Skull	1,028	1.0
Ears	356	.9
Facial Bones	279	.3
Brain	182	.3
Multiple Head Injury	1,647	.2
NECK	1,853	1.7
Soft Tissue	981	.9
Vertebrae/Disc	188	.2
Spinal Cord	102	.1
Larynx/Trachea	34	.0
Multiple Neck Injury	548	.5
UPPER EXTREMITIES	40,889	37.8
Fingers/Thumbs	14,242	13.1
Wrists/Hands	11,873	11.0
Upper Arms/Shoulders	7,473	6.9
Elbows/Lower Arms	6,045	5.6
Multiple Upper Extremities	1,256	1.2
TRUNK	17,268	15.9
Back	12,058	11.1
Abdomen/Groin/Buttocks	1,828	1.7
Chest	1,493	1.4
Lungs/Internal Organs	851	.8
Pelvis/Sacrum & Coccyx	251	.2
Spinal Cord/Disc	126	.1
Heart	100	.1
Multiple Trunk	561	.5
LOWER EXTREMITIES	20,114	18.6
Knees/Lower Legs	9,689	9.0
Ankles/Foot/Feet	6,927	6.4
Hips/Upper Legs	1,807	1.7
Toes/Great Toes	904	.8
Multiple Lower Extremities	787	.7
BODY SYSTEMS	1,310	1.2
MULTIPLE BODY PARTS	13,930	12.9
WHOLE BODY	57	.1
NO PHYSICAL INJURY	920	.8
OTHER OR UNSPECIFIED	749	.7
Total	108,269	100.0

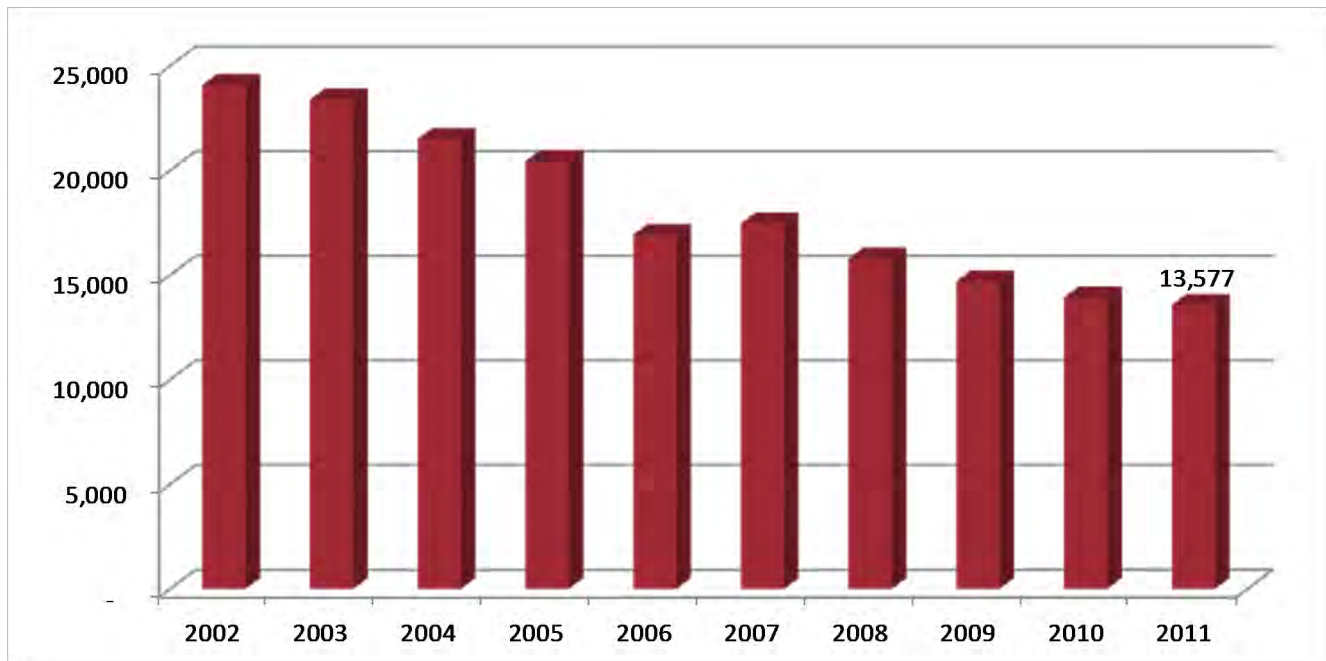


Claims for Compensation

An employee may file a Claim for Compensation with the Division if he/she believes they are not receiving benefits they are entitled to under the Missouri Workers' Compensation Law. The employee or employee's attorney may file a Claim for Compensation to request the Division's assistance in the collection of benefits.

In 2011, the Division received 13,577 claims for compensation filed against employers and insurers. This is a 2.6 percent decrease from the number of claims filed in 2010. Since 2002, claims have generally been decreasing an average of 5 percent annually with only a slight increase in 2007.

Claims for Compensation Filed 2002 - 2011





Claims by Industry

<u>Industry</u>	<u>Claims</u>	<u>Percent</u>
Manufacturing	2,226	16.4
Health Care and Social Assistance	1,587	11.7
Public Administration	1,462	10.8
Retail Trade	1,155	8.5
Construction	1,052	7.7
Transportation and Warehousing	1,041	7.7
Accommodation and Food Services	629	4.6
Administrative and Waste Services	607	4.5
Wholesale Trade	602	4.4
Educational Services	573	4.2
Professional, Scientific, and Technical Services	365	2.7
Other Services (Except Public Administration)	343	2.5
Information	198	1.4
Finance and Insurance	195	1.4
Real Estate and Rental and Leasing	188	1.4
Utilities	171	1.3
Arts, Entertainment, and Recreation	132	1.0
Agriculture, Forestry, Fishing and Hunting	80	.6
Mining	23	.2
Management of Companies and Enterprises	12	.1
Missing	936	6.9
Total	13,577	100.0

Claims by Body Part

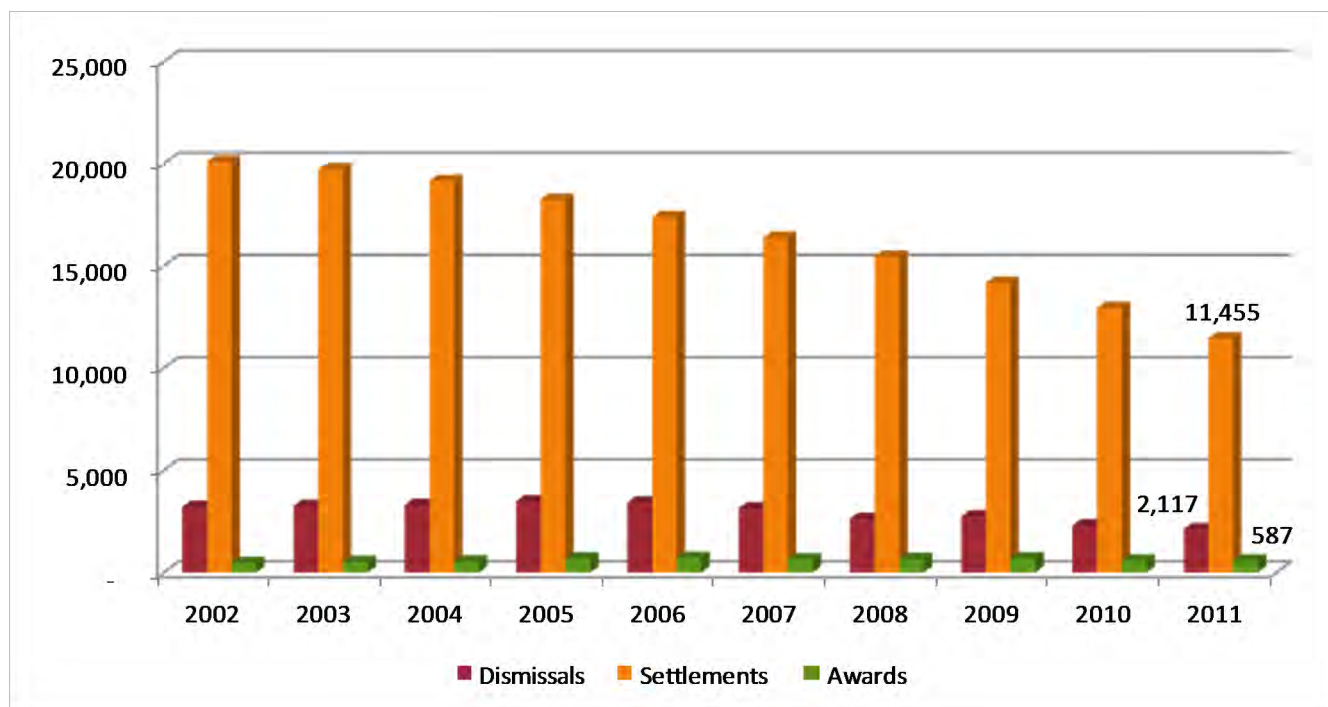
<u>Body Part</u>	<u>Claims</u>	<u>Percent</u>
HEAD	56	.41
Eyes	20	.15
Brain	9	.06
Ears	9	.06
Soft Tissue	7	.05
Mouth/Nose/Teeth	2	.02
Face/Skull	2	.02
Multiple Head Injury	7	.05
NECK	25	.18
Soft Tissue	20	.14
Vertebrae/Disc	1	.01
Multiple Neck Injury	4	.03
UPPER EXTREMITIES	323	2.36
Upper Arms/Shoulders	120	.88
Wrists/Hands	84	.62
Fingers/Thumbs	39	.26
Elbows/Lower Arms	25	.19
Multiple Upper Extremities	55	.41
TRUNK	253	1.86
Back	197	1.45
Abdomen/Groin/Buttocks	31	.23
Lungs/Internal Organs	10	.07
Chest	7	.05
Heart	3	.02
Spinal Cord/Disc	3	.02
Multiple Trunk	2	.02
LOWER EXTREMITIES	169	1.25
Knees/Lower Legs	103	.76
Ankles/Foot/Feet	41	.30
Hips/Upper Legs	6	.05
Toes/Great Toes	1	.01
Multiple Lower Extremities	18	.13
BODY SYSTEMS	2	.02
MULTIPLE BODY PARTS	12,702	93.56
WHOLE BODY	40	.30
NO PHYSICAL INJURY	2	.02
OTHER OR UNSPECIFIED	5	.04
Total	13,577	100.0



In 2011, 14,111 Claims for Compensation filed against employers and insurers were **resolved by the Division's administrative law judges (hereafter "ALJ")**. Claims may be resolved through the issuance of an award, a compromise settlement, or a dismissal. This is a 10.5 percent decrease in the number of employer and insurer claims resolved in 2010. As of December 31, 2011, just over 26,000 Claims for Compensation were pending before the Division.

Case resolution time frames vary considerably for each resolution type with cases proceeding to an evidentiary hearing before and ALJ that resulted in the issuance of an award taking longer to resolve than settlements and dismissals. For cases resolved with the issuance of an award in 2011, it took an average of 42 months from the date the claim was filed to reach a resolution, this is three months sooner than awards issued in 2010. For settlements, the average time was 21 months and for dismissals, 27 months. In 2011, both awards issued and settlements approved were more timely than in 2010, when awards were issued an average of 45 months from the date the claim was filed and settlements averaged 22 months.

Claims for Compensation Resolutions 2002 - 2011



Note: Numbers on graph may not total number in text as there can be multiple resolutions on a single case if multiple employers or insurers are involved. The number in text is an unduplicated count of cases resolved.

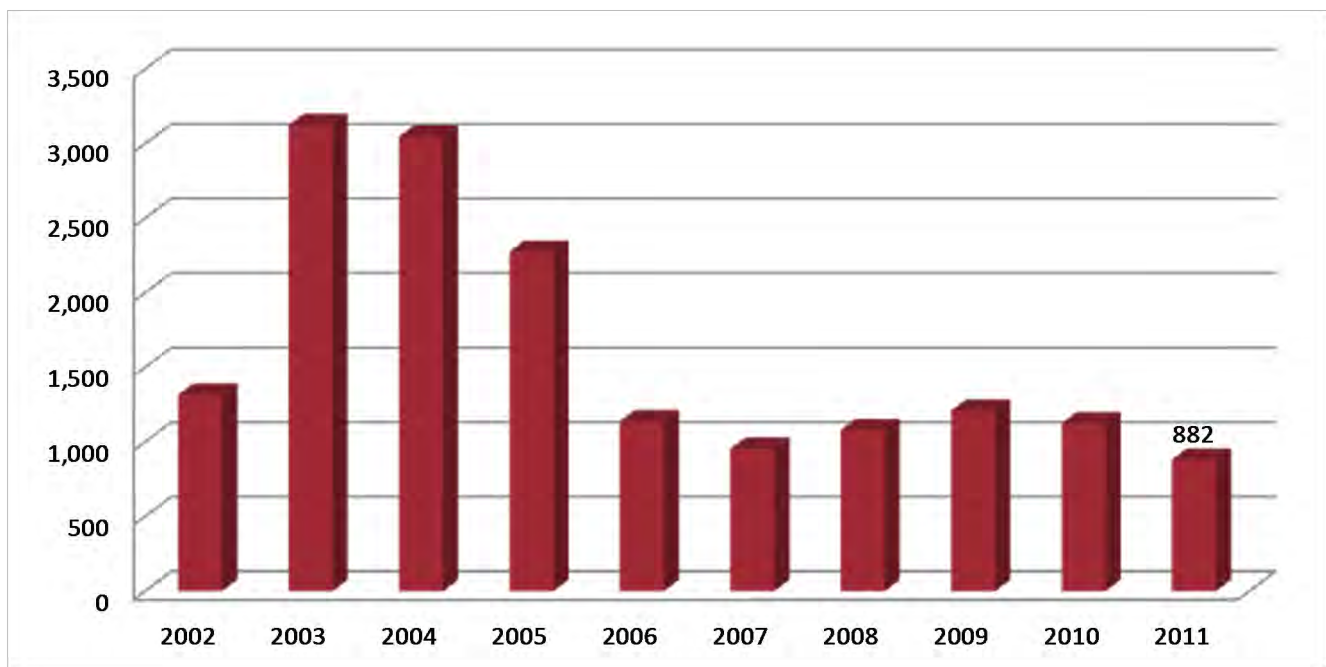


Occupational Diseases

Missouri Workers' Compensation Law defines an occupational disease as an identifiable disease arising with or without human fault out of and in the course of employment. To be compensable under Chapter 287, the occupational exposure must be the prevailing factor in causing both the resulting medical condition and disability. Several changes were made to the law regarding occupational diseases in 2005. Some of these changes were in regard to employer liability (§287.063.2 RSMo), statute of limitations (§287.063.3 RSMo and §287.420 RSMo), and repetitive motion injuries (§287.067.3 RSMo).

In 2011, 882 claims were filed for occupational diseases. This is nearly a 22 percent decrease from the 1,124 claims filed in 2010. Occupational disease claims in general have decreased significantly since the law changes in 2005.

Occupational Disease Claims 2002 - 2011



**Occupational Disease Claims by Injury**

<u>Occupational Disease</u>	<u>Claims</u>	<u>Percent</u>
All Other Occupational Disease NOC	497	56.3
Carpal Tunnel Syndrome	224	25.4
Mental Stress	55	6.2
Respiratory Disorders	34	3.9
Poisoning—Chemical	24	2.7
Loss of Hearing	13	1.5
Dermatitis	12	1.4
Dust Disease NOC	7	.8
Cancer	5	.6
Mental Disorder	4	.5
Contagious Disease	3	.3
Asbestosis	1	.1
Hepatitis C	1	.1
Poisoning—Metal	1	.1
Silicosis	1	.1
Total	882	100.0

Occupational Disease Claims by Industry

As in previous years, significantly more occupational disease claims were reported from employees working in the manufacturing industry. In 2011, over a quarter of all occupational disease claims were from manufacturing. This high proportion was also noted in 2008-2010.

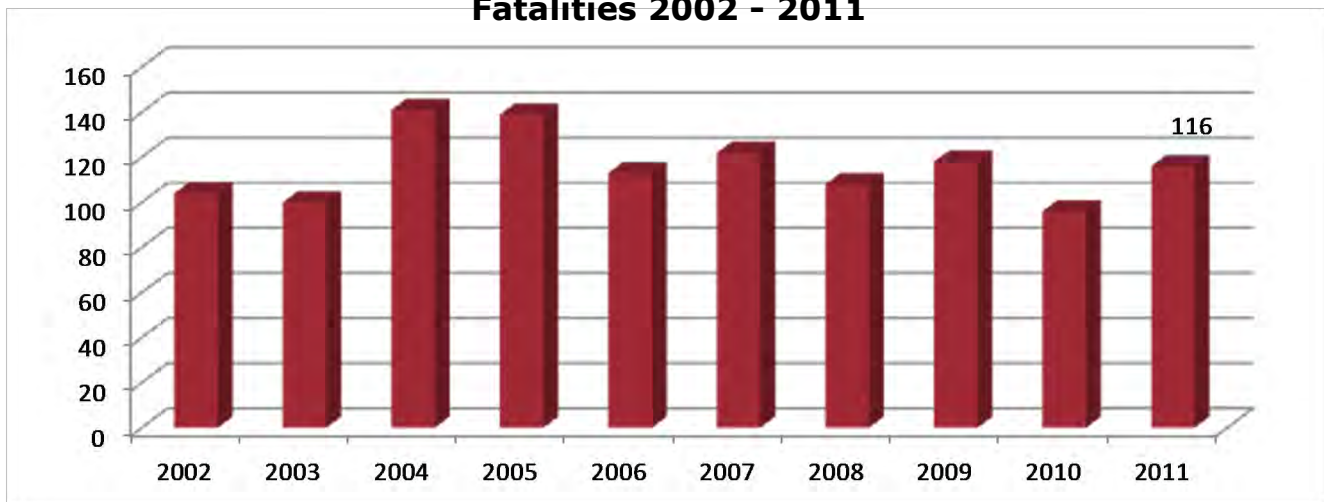
<u>Industry</u>	<u>Claims</u>	<u>Percent</u>
Manufacturing	250	28.3
Public Administration	78	8.8
Health Care and Social Assistance	64	7.3
Retail Trade	53	6.0
Construction	49	5.6
Wholesale Trade	38	4.3
Transportation and Warehousing	34	3.9
Accommodation and Food Services	26	3.0
Educational Services	25	2.8
Information	25	2.8
Finance and Insurance	23	2.6
Administrative and Waste Services	22	2.5
Professional, Scientific and Technical Services	20	2.3
Utilities	18	2.0
Other Services (Except Public Administration)	17	1.9
Arts, Entertainment, and Recreation	11	1.3
Real Estate and Rental and Leasing	8	.9
Agriculture, Forestry, Fishing, and Hunting	7	.8
Mining	3	.3
Management of Companies and Enterprises	1	.1
Missing	110	12.5
Total	882	100.0



Fatalities

In 2011, 116 fatalities were reported to the Division. These may have been reported through either a FROI or through the filing of a Claim for Compensation. The injury may or may not be determined to be a compensable injury that caused the death of the injured worker. This is over a 20 percent increase in the number of deaths reported to the Division in 2010. The most frequently reported specific cause of injury for the fatalities in 2011 was motor vehicle accidents (31.9 percent) followed by natural disasters (8.6 percent).

Fatalities 2002 - 2011



Fatalities by Industry

<u>Industry</u>	<u>Cases</u>	<u>Percent</u>
Transportation and Warehousing	22	19.0
Public Administration	21	18.1
Construction	19	16.4
Retail Trade	14	12.1
Manufacturing	9	7.7
Administrative and Waste Services	7	6.0
Professional, Scientific, and Technical Services	5	4.3
Wholesale Trade	5	4.3
Other Services (Except Public Administration)	4	3.4
Health Care and Social Assistance	3	2.6
Accommodation and Food Services	2	1.7
Real Estate and Rental and Leasing	2	1.7
Agriculture, Forestry, Fishing, and Hunting	1	.9
Finance and Insurance	1	.9
Information	1	.9
Total	116	100.0

Fatalities by Age & Gender

<u>Age Group</u>	<u>Male</u>	<u>Female</u>	<u>Total</u>
16-19	2	1	3
20-29	14	1	15
30-39	18	5	23
40-49	25	2	27
50-59	22	1	23
60-69	13	2	15
70-79	7	1	8
80-89	2	0	2
Total	103	13	116



Second Injury Fund

Second Injury Fund Claims

In 1943, the Missouri Workers' Compensation Law was amended to benefit the physically handicapped and individuals with a previous disability. The amendment helped employers by limiting liability to only the current injury that results in permanent total disability. The SIF encourages employment by permitting persons to be employed without exposing employers to any liability for previous disabilities.

When an employee sustains a compensable work injury and the combined effect of the work-related injury and prior disability results in permanent total disability, or increased permanent partial disability, the employer at the time of the last injury, is liable only for compensation due from the most recent injury. The remaining compensation owed to the employee is paid from the SIF.

There are five benefit categories available from the SIF.

1. Disability Benefits.

a. Permanent Partial Disability (PPD). An employee must have a permanent preexisting disability combining with the work injury to create greater disability to trigger SIF liability. In order for an employee to recover from the Fund, minimum threshold limits regarding both the pre-existing and work related disability must be met. The employee must have disability that exceeds 50 weeks of the body as a whole, or 15 percent of the major extremity.

b. Permanent Total Disability (PTD). If the last work-related injury makes the injured worker permanently and totally disabled, then the SIF has no liability. However, the SIF is liable for permanent total disability when the combined effect of the work injury and the prior disability render the employee unemployable in the open labor market. The employer is liable only for the compensation for the most recent injury and the SIF pays the remaining lifetime benefits.

2. Death Benefits. Payments are only made for cases involving the death of an employee while working for an uninsured employer. Burial expenses and death benefits in the form of weekly payments to the surviving spouse or dependents of the deceased are paid from the SIF. Benefits may be administered by a lump sum settlement or ongoing weekly payments to dependents.

3. Rehabilitation Benefits. These benefits are to restore the seriously injured to a condition of self-support and self-maintenance through rehabilitation. Serious injuries that may qualify for rehabilitation include: quadriplegia, paraplegia, amputation of the hand, arm, foot or leg, atrophy due to nerve injury or non-use, and back injuries not amenable alone to recognized medical and surgical procedures.

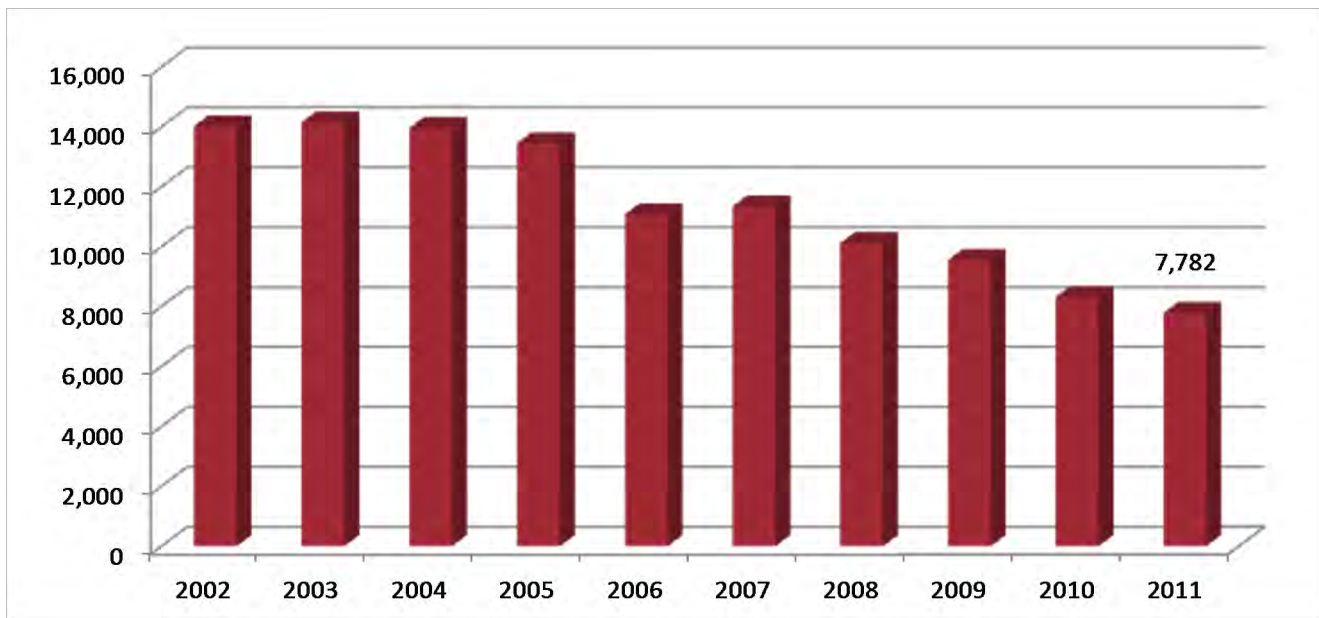


4. Second Job Wage Loss Benefits. This benefit applies to injuries after August 28, 1998. The employee must be injured on the job with his first employer. If the employee is unable to work at a second job as a result of the injury, these benefits for the loss of wages from the second job may be claimed from the SIF.

5. Medical Expenses (for injured employees of uninsured employers). The SIF is also responsible for payment of medical bills of injured employees' when the employer fails to insure its workers' compensation liability as required by law. Generally, the uninsured employer and the SIF are liable for the medical care and expenses. The SIF is entitled to reimbursement from the employer as required by law. The Missouri Attorney General's Office would institute the appropriate action against the employer to recover the monies paid from the SIF as set forth in §287.220.5 RSMo.

The Missouri State Treasurer's Office is the custodian of the SIF. The Missouri Attorney General's Office defends the claims made against the SIF. The Division is responsible for the billing and collection of the SIF surcharge. The Division requisitions warrants from the State Treasurer's Office for payment to be made to the employee or dependents who have been awarded SIF benefits pursuant to an award issued by or settlement approved by an ALJ. In 2011, there were 7,782 claims filed against the SIF. This is a 6.5 percent decrease in claim filings from 2010. On average, claims against the SIF have been decreasing approximately seven percent a year since 2003.

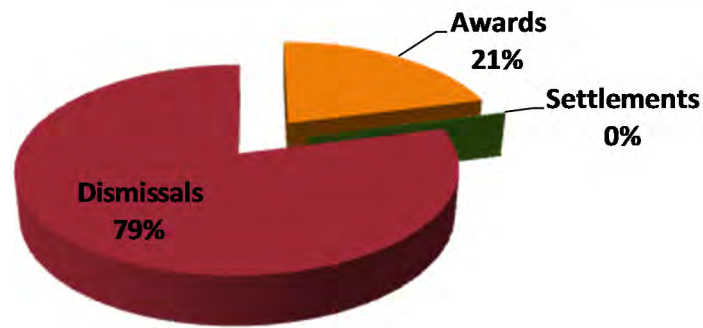
Second Injury Fund Claims 2002 - 2011





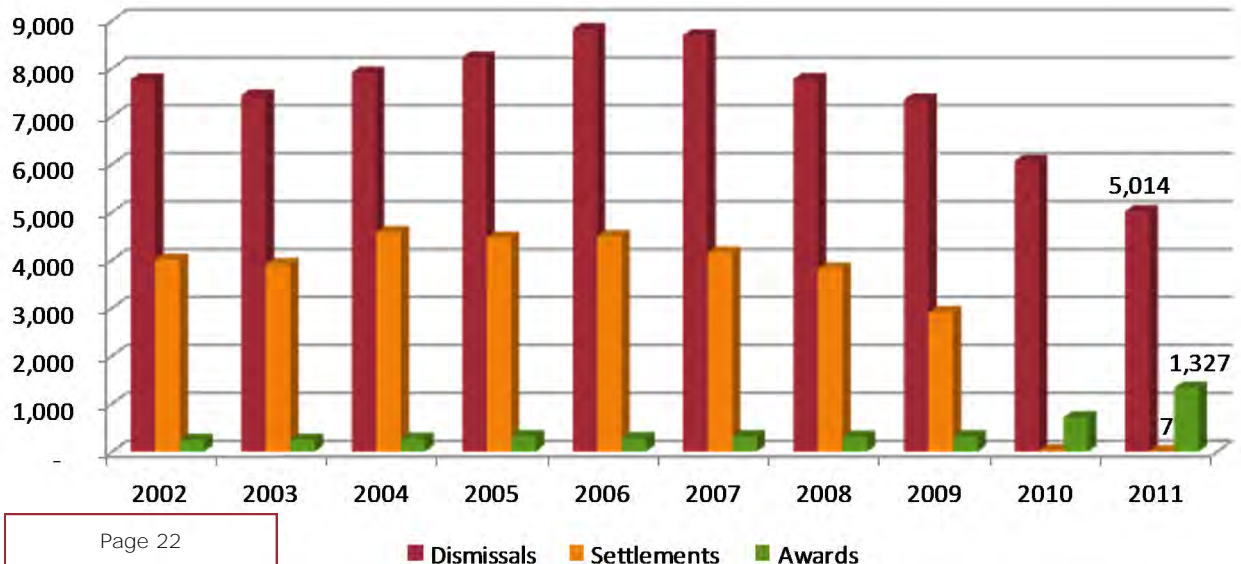
Second Injury Fund Claim Resolutions - 2011

In 2011, 6,348 Claims for Compensation filed against the SIF were resolved by dismissal, settlement or issuance of an award. This represents a 6.6 percent decrease in SIF claim resolutions from 2010. Just under 80 percent of claims resolved in 2011 were dismissed. Approximately 21 percent of the resolutions were the result of hearings before ALJs, resulting in the issuance of awards. This was a significant increase from 2010, when only 11 percent of resolutions were based upon the issuance of awards. All awards issued by ALJs after a hearing may not necessarily result in SIF benefits being awarded to claimants. An ALJ may also determine the SIF owes no compensation benefits. In 2001, less than one percent of cases were resolved pursuant to a settlement. As of January 1, 2012, there were 28,866 open SIF claims pending before the Division.



Second Injury Fund Claim Resolutions 2002 - 2011

Prior to September 2009, approximately 65.2 percent of all Second Injury Fund claims resolved each calendar year were dismissed, 32.5 percent were settled by the parties and the remaining 2.3 percent proceeded to an evidentiary hearing before an ALJ resulting in the issuance of an award. Since 2009, the number of awards issued has nearly doubled.

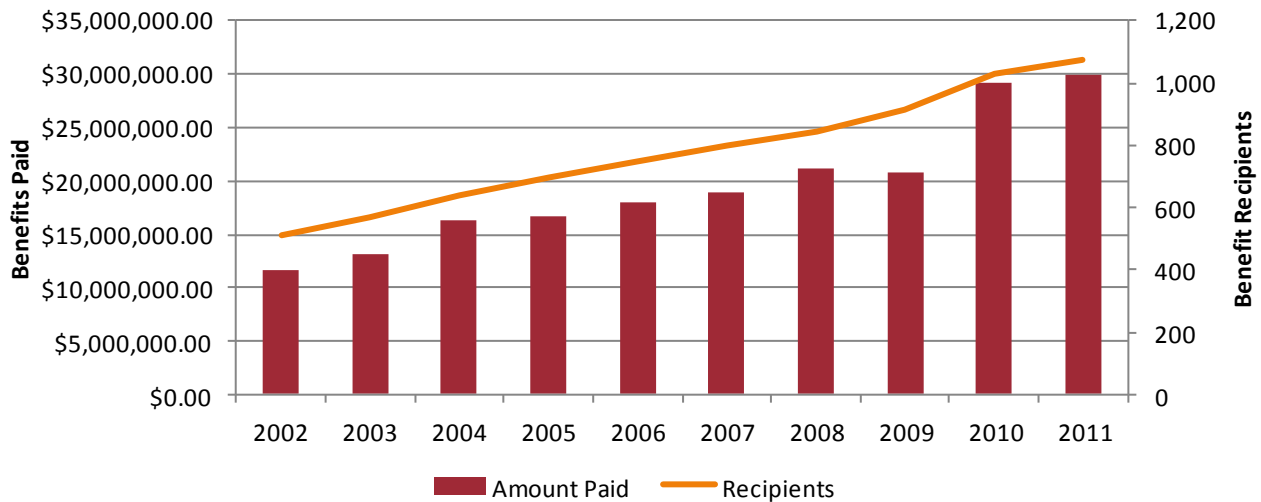




Second Injury Fund Benefit Payments*

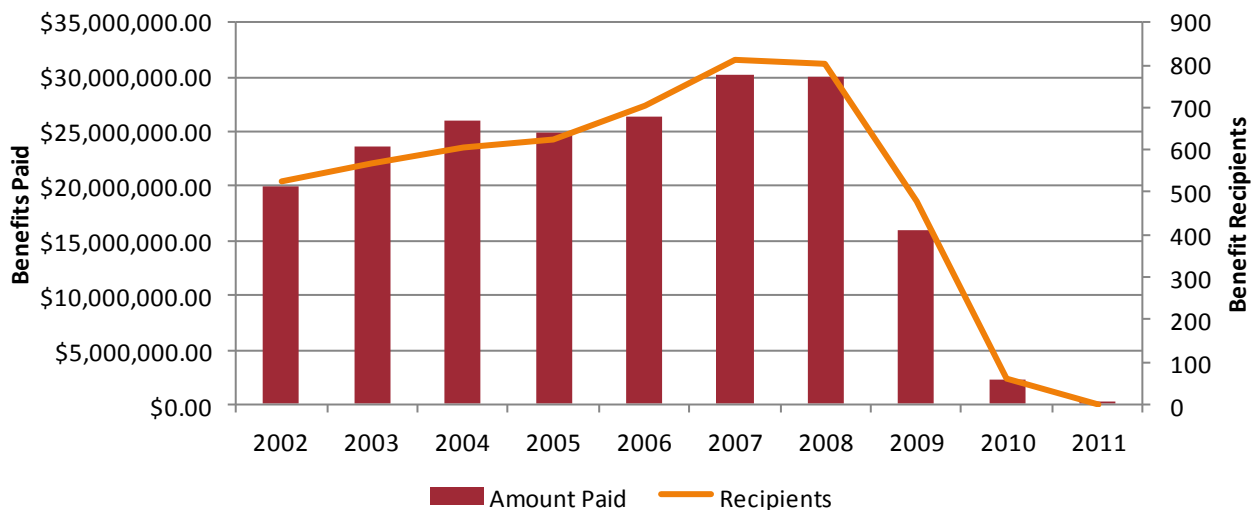
Permanent Total Disability Benefits (Lifetime Payments)

In 2011, \$29,908,031.01 in permanent total (PTD) benefits (lifetime benefits) was paid to 1,076 recipients. This is only a 2.4 percent increase from the PTD benefits paid in 2010 (\$29.2 million). In 2010, the number of new recipients receiving lifetime PTD benefits from the SIF nearly doubled. However, in 2011, the new recipients added were closer to the 2002 to 2009 average of 70 new injured employees receiving benefits annually.



Permanent Total Disability Benefits (Lump Sum Payments)

Only two PTD claims resolved as a lump sum settlements were paid in 2011 with an average of \$40,000.00 paid per claim.

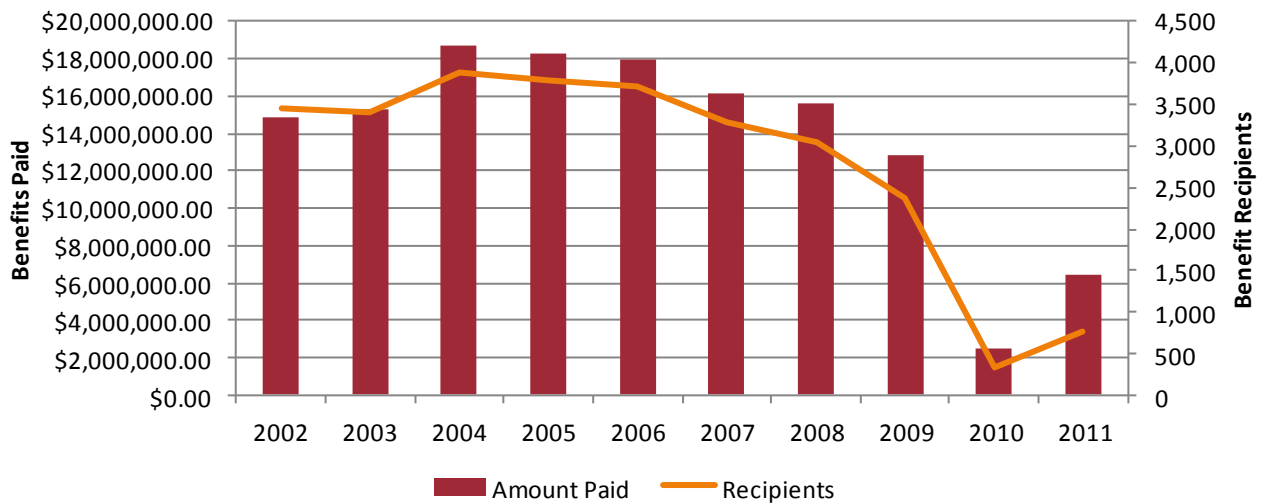


***Note:** Benefit payments from DWC AICS system and may differ slightly from SAM II amounts.



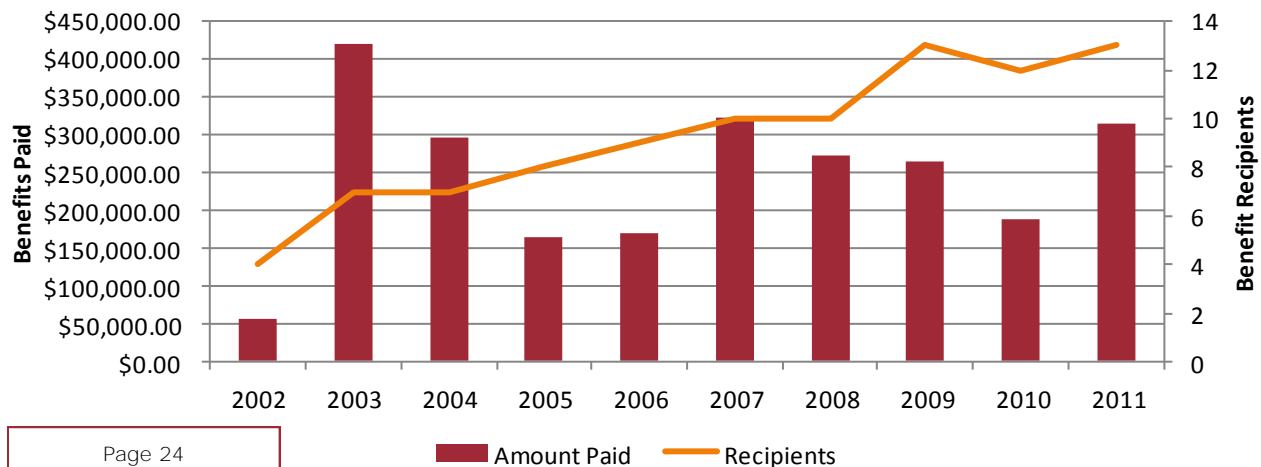
Permanent Partial Disability Benefits

In 2011, 775 injured workers received permanent partial disability (PPD) benefits from the SIF. This is more than twice the number of recipients paid in 2010. The total amount of PPD benefits paid in 2011 was \$6,440,897.64, at an average of \$8,311 per recipient. Since 2009, Claims for Compensation filed against the SIF alleging PPD have proceeded to an evidentiary hearing resulting in an award of PPD benefit payment averaging nearly double of the PPD benefit that would have been paid through voluntary settlement agreement between the parties.



Death Benefits

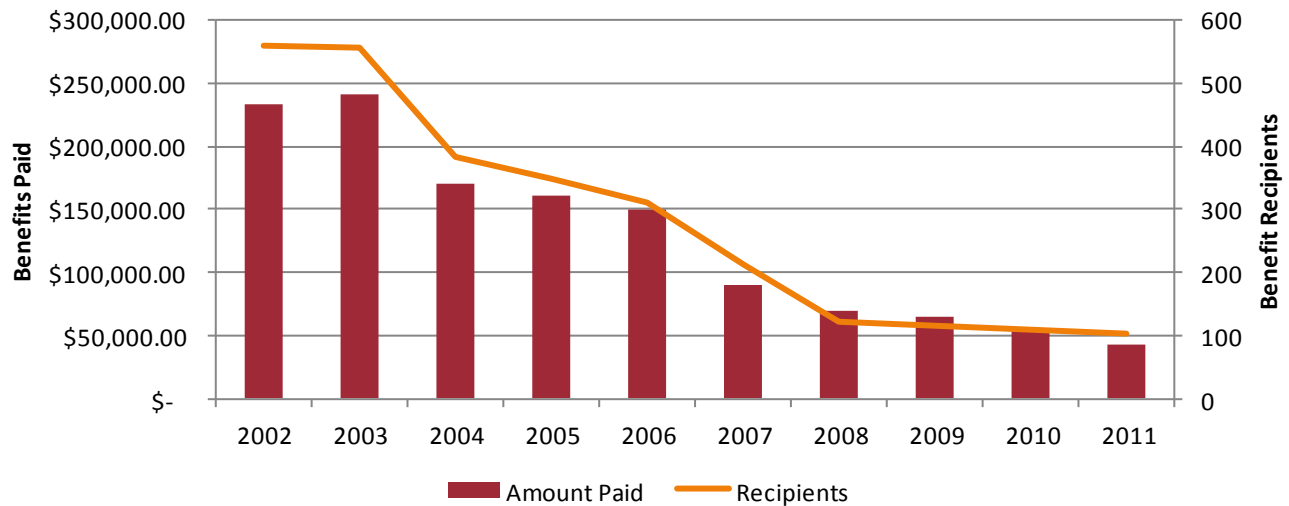
The survivors of 13 injured employees received death benefits from the SIF in 2011. All recipients were receiving lifetime benefit payments due to a work-related death and all but one recipient was receiving the benefits prior to the start of calendar year 2011. Since 2002, 24 lump sum death payments have been paid from the Second Injury Fund, the remainder of the payments have been in the form of lifetime benefit payments.





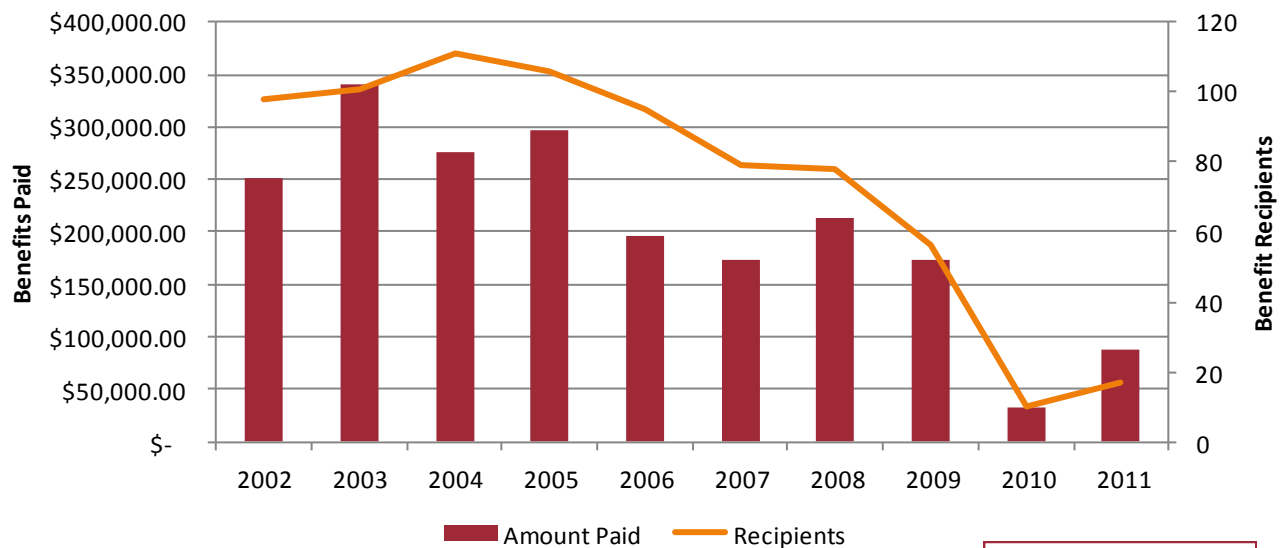
Rehabilitation Benefits

The SIF paid approximately \$42,000 to injured employees for rehabilitation benefits in 2011. This amount covered weekly benefits for 103 injured workers. Rehabilitation benefits were down 21 percent from 2010.



Second Job Wage Loss Benefits

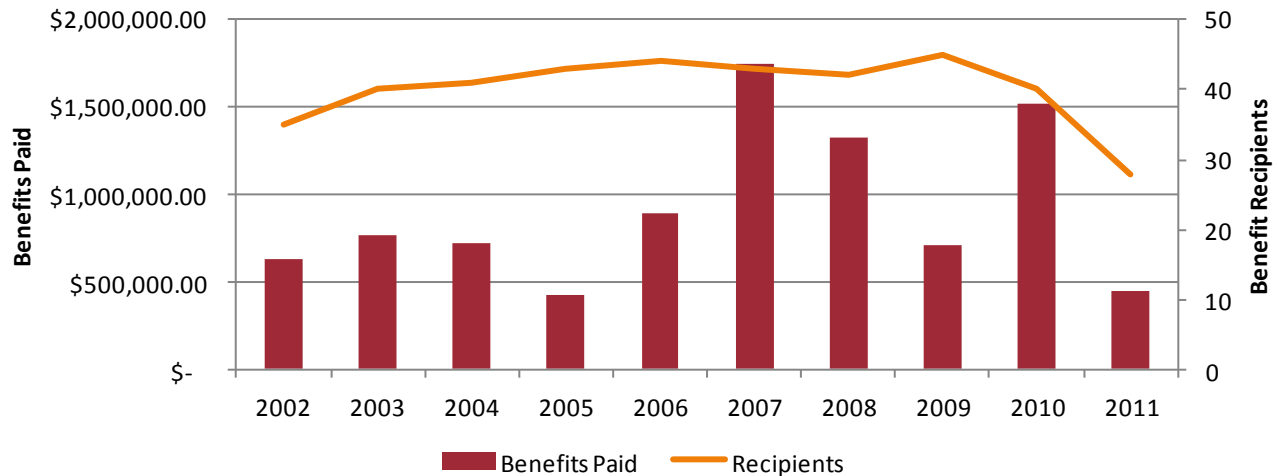
Seventeen injured employees received second job wage loss benefits from the SIF in 2011 for second job wage loss. The amount paid in 2011, \$88,199.48, is more than double what was paid in 2010. The average lump sum payment in 2011 was \$4,376.92, a 71.0 percent increase from the \$2,558.66 average lump sum payment in 2010.





Medical Benefits

Medical benefits paid from the SIF in 2011 were only approximately one third of the total medical benefits paid in 2011. Twenty-eight recipients received benefits, down from 40 in 2010. The average lump sum medical benefit in 2011 was also about 40 percent less than the average payment in 2010 at \$24,310.06.



Second Injury Fund Recovery Payments

Pursuant to §287.150, RSMo the Second Injury Fund shall be subrogated to the rights of any recoveries received by an employee from a third party in any case in which the Second Injury Fund has paid benefits to the injured employee. In 2011, there were seven cases in which the Fund recovered a total amount of \$118,462.40 as subrogation reimbursement.

Section 287.220, RSMo provides for the recovery of monies paid from the Second Injury Fund for medical or death expenses when the employer fails to carry the required **workers' compensation insurance coverage**. In 2011, **\$23,253.63 was collected from twenty-two employers.**

In addition, an amount of \$9,640.55 was collected from employees and/or dependents and their attorneys respectively, who were paid Permanent Total Disability benefits pursuant to an award. This amount represents overpayments that were recovered either by the Division or by the Missouri Attorney General's Office after an employee's death.



Fraud & Noncompliance

The Fraud and Noncompliance Unit investigates allegations of workers' compensation fraud and noncompliance perpetrated by a person or entity. Section 287.128 RSMo prohibits certain conduct in connection with the workers' compensation process. Such prohibited conduct includes (but is not limited to):

- failure of an employer to insure its workers' compensation liability;
- knowingly filing multiple claims for the same occurrence with intent to defraud;
- knowingly making a false claim for the payment of health care benefits; and
- knowingly making a false or fraudulent material statement for obtaining or denying a benefit.

At the conclusion of the investigation by the Fraud and Noncompliance Unit, the findings are presented to the Division Director who may refer the file to the Missouri Attorney General's Office for possible prosecution.

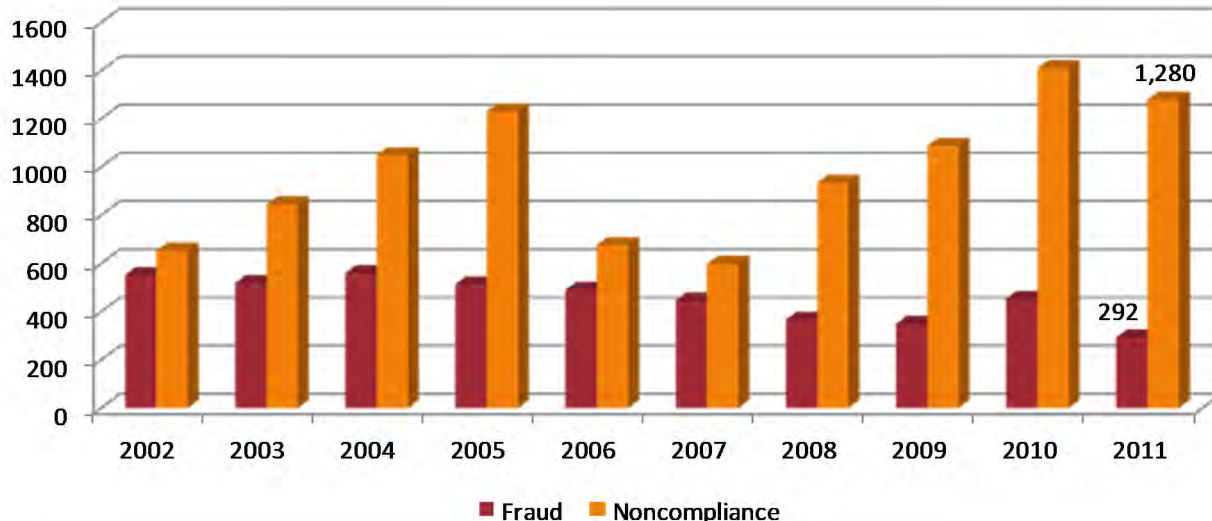
The records, reports, recordings, photographs, and documentation submitted by any person to the unit are confidential and not subject to Missouri's open records laws, although an exception exists to allow the release of records to a local, state, or federal law enforcement authority.

Any person convicted of knowingly filing a false or fraudulent workers' compensation claim for payment of benefits or any insurance company or self-insurer who knowingly and intentionally refuses to comply with known and legally indisputable obligations with intent to defraud or any person who prepares or provides a false/forged certificate of insurance as proof of coverage, is guilty of a class D felony and may be fined up to \$10,000 or double the value of the fraud, whichever is greater. A person who commits any other violation included in §287.128 RSMo is guilty of a class A misdemeanor and may be fined up to \$10,000 or double the value of the fraud, whichever is greater. Any employer failing to insure its liability is guilty of a class A misdemeanor and may be fined up to three times the annual premium the employer would have paid had such employer been insured or up to \$50,000, whichever is greater. A subsequent instance of noncompliance is a class D felony.



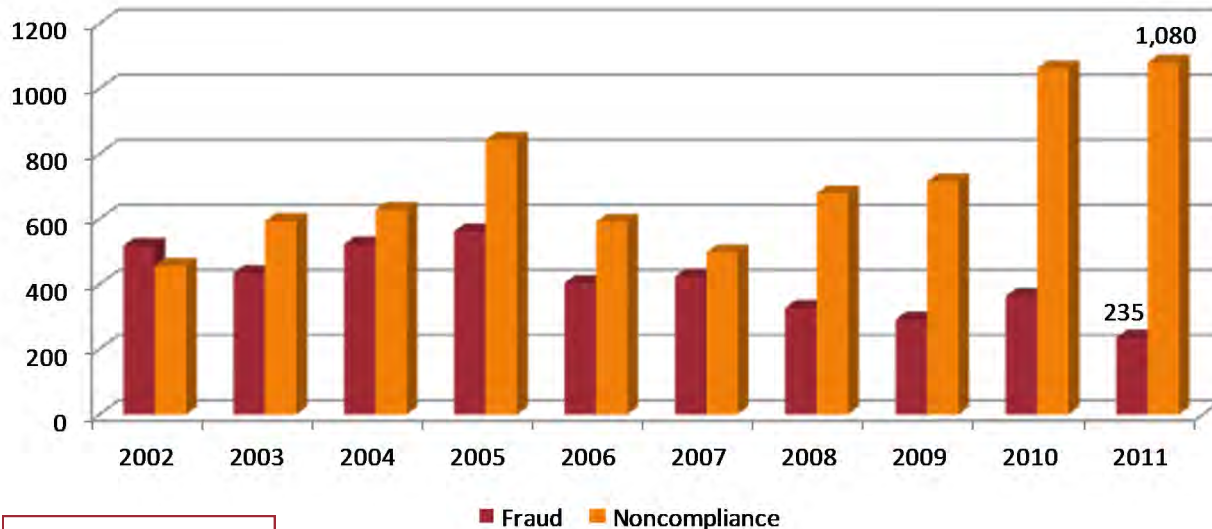
Fraud & Noncompliance Cases Received 2002 - 2011

In 2011, the Fraud and Noncompliance Unit received a total of 1,572 new cases of alleged workers' compensation fraud or noncompliance. This is a 15.6 percent decrease over the number of case received in 2010. Until 2011, cases received for investigation had been increasing just over 20 percent annually since 2007.



Fraud & Noncompliance Cases Administratively Closed 2002 - 2011

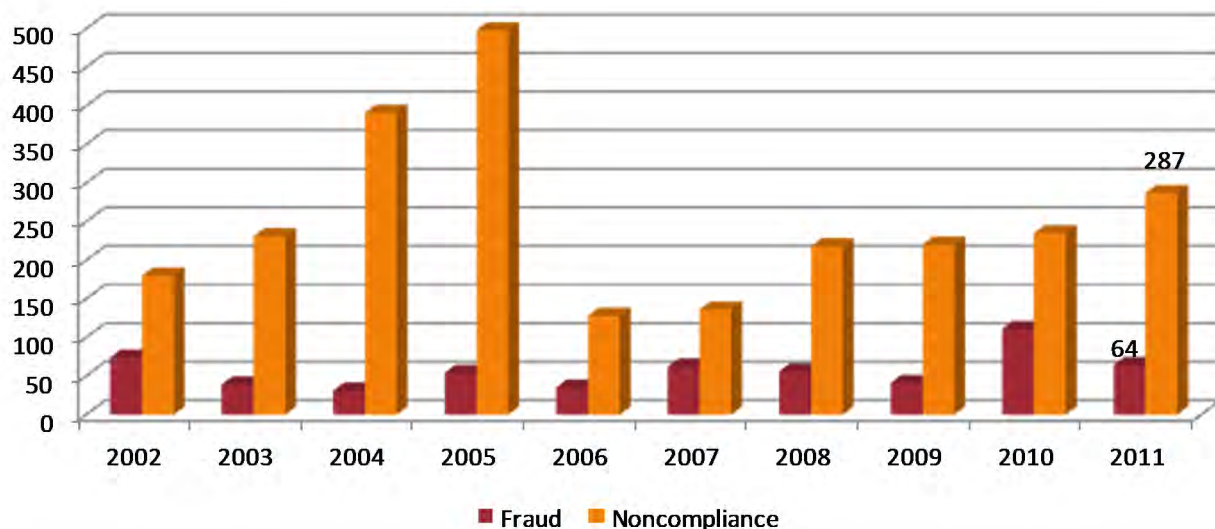
After an investigation, a case can be administratively closed due to inaccurate complaints or lack of evidence. In 2011, 1,315 cases were administratively closed. This is a 7.7 percent decrease from the number of cases administratively closed in 2010.





Fraud & Noncompliance Cases Referred to the Attorney General's Office 2002 - 2011

Since 2000, approximately 21 percent of cases closed annually are referred to the Missouri Attorney General's Office (AGO) for prosecution. In 2011, 351 cases were referred to the AGO. This is a 1.4 percent increase in referrals from 2010.



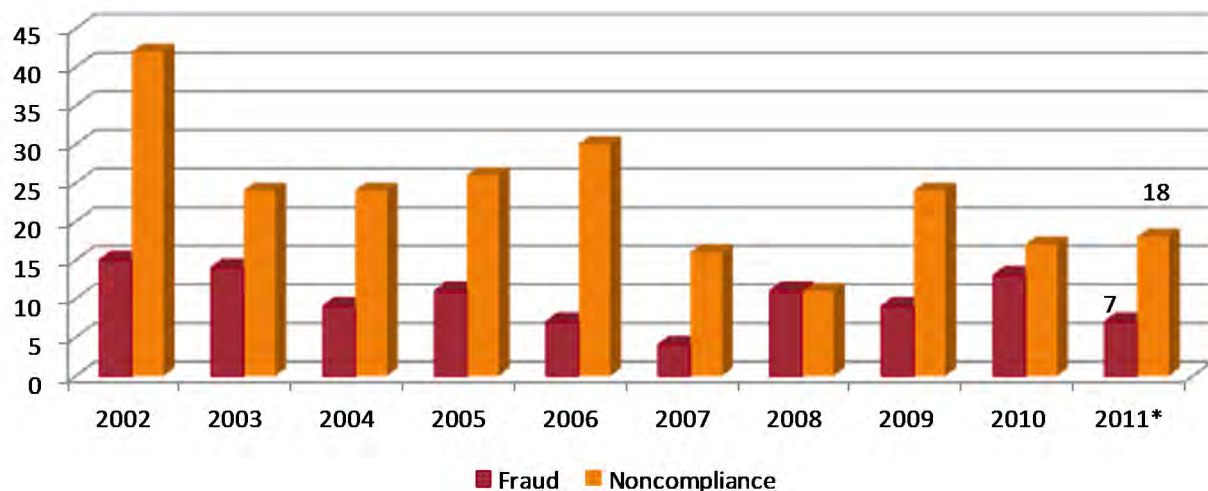
Fraud & Noncompliance Referrals to AGO by Party or Industry

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	Total
Fraud											
Attorney	1	0	0	0	1	2	0	0	0	0	4
Employee	60	30	21	31	22	24	18	16	13	12	247
Employer	11	8	8	21	12	37	36	24	48	50	255
Insurance Carrier/ Agent	2	1	2	2	0	0	2	1	50	2	62
Other	0	0	0	0	0	1	0	0	0	0	1
Noncompliance											
Construction	56	69	106	162	48	45	74	38	56	37	691
Government	1	0	0	3	0	0	1	1	0	1	7
Healthcare	2	5	43	39	1	7	4	17	6	25	149
Manufacturing	8	13	17	12	5	1	3	6	17	14	96
Retail	102	116	184	228	57	63	116	133	141	183	1,323
Trucking/ Transportation	7	16	27	31	10	7	6	7	14	22	147
Other	4	12	14	23	7	13	14	18	1	5	111
Total	254	270	422	552	163	200	274	261	346	351	3,093



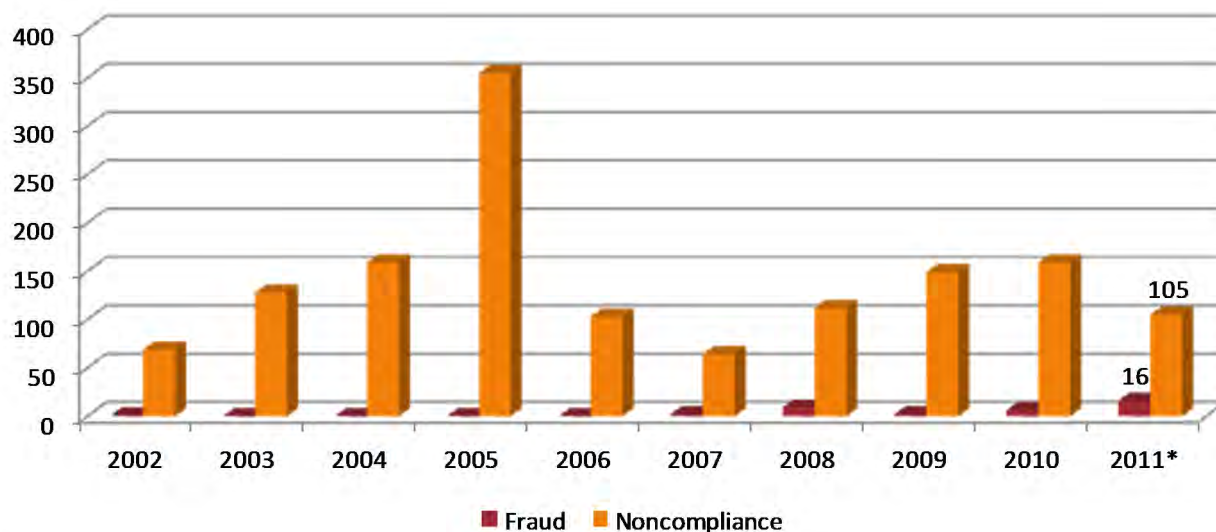
Successful Fraud & Noncompliance Prosecutions 2002 - 2011

The Attorney General's Office successfully prosecuted seven fraud and 18 noncompliance cases. This is approximately 16.6 percent fewer successful prosecutions than in 2010.



Deferred Prosecution & Hold Harmless Agreements 2002 - 2011

In lieu of prosecution, the Attorney General's Office will enter into deferred prosecution agreements and/or hold harmless agreements with businesses or individuals accused of workers' compensation fraud or noncompliance. In 2011, there was a 30.3 percent decrease in these types of resolutions compared to 2010.





Penalties Received*

Since 2000, the Division has collected almost \$6 million in penalties from prosecuted employees, employers, and insurance companies.

	<u>Fraud</u>	<u>Noncompliance</u>	<u>Total</u>
2000	\$3,500.00	\$115,960.12	\$119,460.12
2001	\$0.00	\$263,821.56	\$263,821.56
2002	\$102,500.00	\$335,646.07	\$438,146.07
2003	\$0.00	\$418,521.10	\$418,521.10
2004	\$4,100.00	\$578,159.47	\$578,159.47
2005	\$2,200.00	\$821,419.77	\$823,619.77
2006	\$1,827.98	\$632,740.39	\$634,568.37
2007	\$4,237.58	\$299,948.45	\$304,186.03
2008	\$4,483.50	\$412,823.85	\$417,307.35
2009	\$3,392.00	\$605,712.28	\$609,104.28
2010	\$7,004.38	\$573,455.76	\$580,460.14
2011**	\$123,397.78	\$470,256.83	\$593,654.61

* Penalties received include those imposed in previous years. Many penalties are paid in monthly installments over several years.

** Amounts for 2011 have not been finalized with the MO AGO's office as of the writing of this report. Totals are likely to increase as penalties collected late in the year are reported to DWC.



Insurance

Section 287.280, RSMo, allows employers to meet their workers' compensation liabilities through an alternative method known as self-insurance. When qualified to become self-insured, the employer becomes financially responsible for all workers' compensation liabilities incurred. Under the statute, employers can self-insure as an individual or as a group. The first authorities to self-insure workers' compensation liabilities were granted in 1936 and the first self-insured groups were authorized in 1982.

The Division's Insurance Unit is responsible for authorizing and regulating all self-insured entities in Missouri. The unit must ensure that all self-insured employers comply with Chapter 287 RSMo and follow the regulations as established in 8 CSR 50-3.010, revised in January 2009. The unit's primary functions are approval of new self-insured entities, regulation and oversight of existing self-insured entities, including case management and financial and safety audits.

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Individual Self-Insurers	331	312	299	295
Group Trusts	28	26	25	24
Individual Member Employers in Group Trusts	3,480	3,022	2,900	2,863
Covered SI Employees	748,643	715,999	780,416	773,143
Covered SI Payroll	\$26,772,067,441	\$26,214,620,026	\$26,032,693,392	\$26,218,147,749
SI Payroll as Percent of All Covered Payroll	26.34%	27.19%	Data not available	Data not available

Source: Missouri Division of Workers' Compensation. National Academy of Social Insurance, Workers' Compensation: Benefits, Coverage, and Costs, 2007. **Note:** Numbers provided are based on counts as of January 1 of the indicated year.

2011 Individual Self-Insurers by Industry

<u>Industry</u>	<u>Companies</u>	<u>Percent</u>
Services	115	39.0
Manufacturing	73	24.8
Retail Trade	32	10.9
Transportation & Public Utilities	22	7.5
Public Administration	21	7.1
Finance, Insurance and Real Estate	11	3.7
Wholesale Trade	10	3.4
Agriculture, Forestry, Fishing & Hunting	4	1.3
Construction	4	1.3
Mining	3	1.0
Total	295	100.0



Legal Unit

The Legal Unit provides legal advice and assistance to the Division Director and the various units and programs within the Division. The legal unit also oversees the Religious Exception Program, Medical Fee Dispute Program, Dispute Management Unit, Line of Duty Compensation Fund and Proof of Coverage. In addition to other general duties, the unit also drafts proposed rules and amendments to the existing regulations.

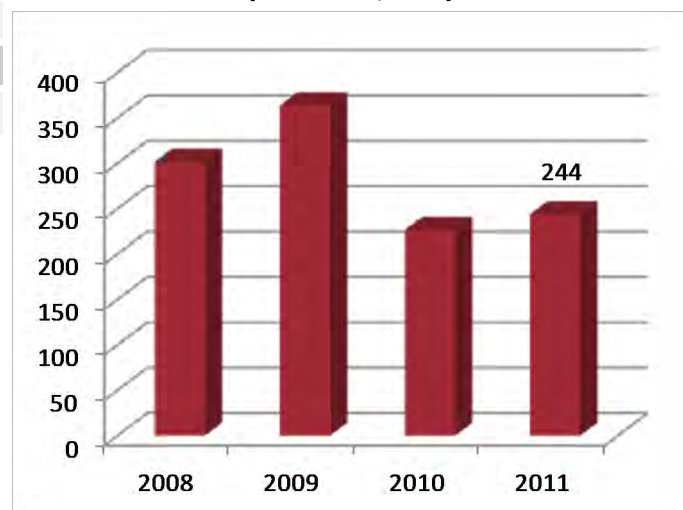
The Religious Exception Program receives, reviews and responds to all questions related to **granting workers' compensation exceptions to employers and employees who are** members of a recognized religious sect or division (as defined by federal law) who are conscientiously opposed to acceptance of benefits of any public or private insurance in various contexts.

The Medical Fee Dispute Program allows health care providers to assert claims for payment for treatment provided to injured employees. In 2011, the legal unit processed 275 applications for direct payment and 957 applications for additional reimbursement. This is a 17.1 percent increase in the total number of applications processed in 2010. Since September 1, 2006 the Division has been responsible for reviewing **"reasonableness" medical fee disputes of \$1,000 or less. These disputes arise when an** employer or insurer disputes the reasonableness of a medical fee or charge and subsequently pays less than the amount charged.

Religious Exception Program 2011

Applications Filed	88
Religious Exceptions Granted to Employers	20
Religious Exceptions Granted to Employees	88

Reasonableness Medical Fee Disputes Filed 2008-2011 (Less than \$1000)





Line of Duty Compensation Fund

In 2009, the 95th Missouri General Assembly enacted the "Line of Duty Compensation Act," §287.243 of the Missouri Revised Statutes. The Governor signed HB 580 into law on June 19, 2009. The Line of Duty Compensation Fund provides benefits for firefighters, law enforcement officers, air ambulance pilots, air ambulance registered professional nurses and emergency medical technicians who are killed in the line of duty. The Act defines "killed in the line of duty" to mean the loss of one's life as a result of an injury received in the act of performance of his or her duties within the ordinary scope of his or her respective profession while the individual is on duty and but for the individual's performance, death would not have occurred. It excludes death that results from willful misconduct or intoxication.

In order to receive the benefit, the death should have occurred on or after June 19, 2009. The estate of the deceased must file a Claim for Compensation with the Division within one year from the date of death. A \$25,000 compensation benefit will be paid to the claimant subject to appropriation, if the Division finds that the claimant is entitled to compensation. The death benefit is in addition to any other pension rights, death benefits, or other compensation that claimant may otherwise be entitled to by law. The employers and insurers do not have subrogation rights against any benefits that are awarded.

The State Treasurer is custodian of the Line of Duty Compensation Fund and approves the disbursements from the fund.

To date, fifteen Claims for Compensation for Line of Duty Compensation Benefits have been filed with the Division. The Division Director has issued an Administrative Determination awarding Line of Duty Compensation Benefits in seven cases.



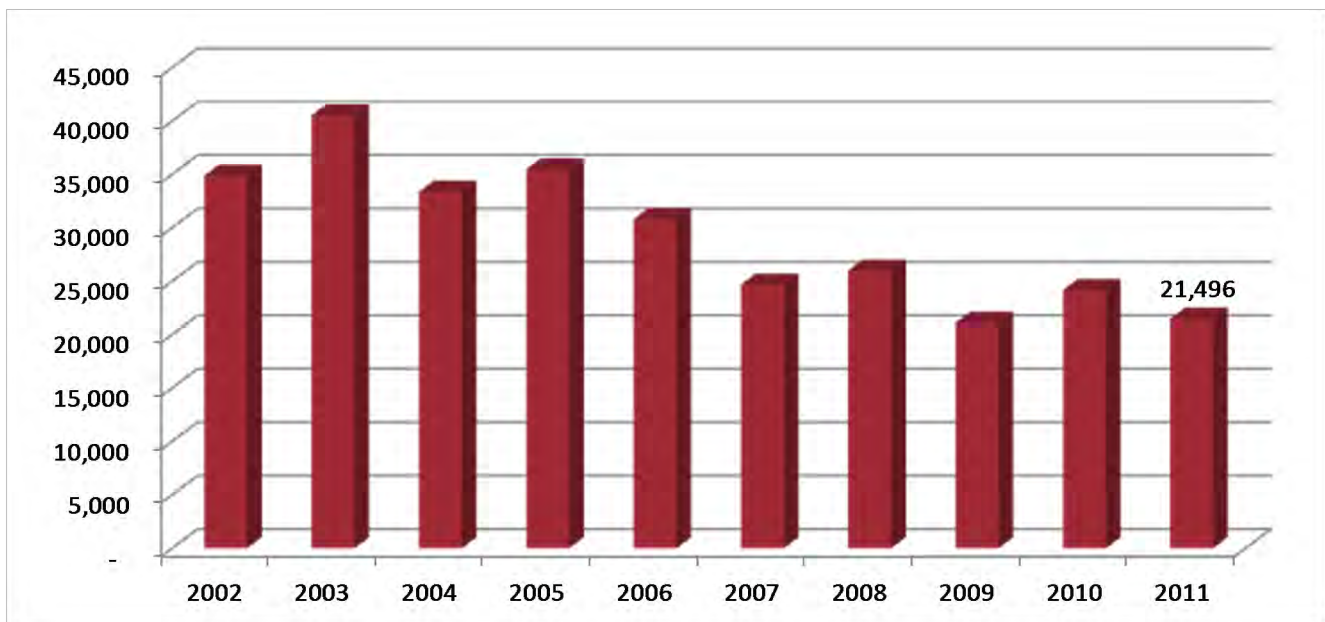
Customer Service

Division Toll-Free Line

The Division is required to maintain a public information program that provides assistance to all parties governed by the Missouri Workers' Compensation Law including injured employees, employers, insurers and lawyers. The Division maintains a toll-free number for employers and injured employees to call with questions relating to the Workers' Compensation Law. The Unit employs three information specialists to respond to calls received on the toll-free line.

Calls on the toll-free line have generally been decreasing since 2003. Division information specialists handled a total of 21,496 calls in 2011, an 11.1 percent decrease in the number of calls handled in 2010.

Toll-Free Line Calls 2002 - 2011





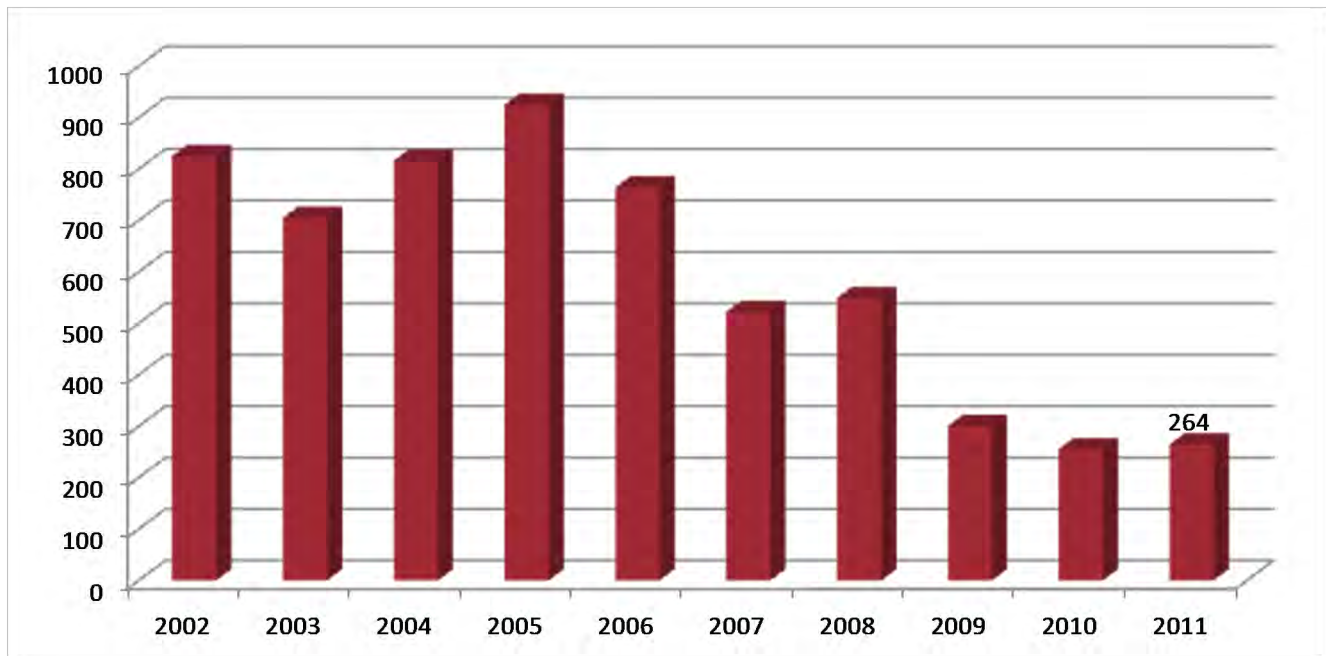
Dispute Management

The Dispute Management Program offers to mediate disputes that arise soon after a workplace injury occurs. The Division has one mediator who assists parties in resolving medical treatment and lost wage disputes. This is a voluntary process. When one of the parties does not agree to mediate, the party originally requesting mediation services is advised that he or she may take further steps if the problem persists, including requesting a docket setting with an administrative law judge (ALJ). The Dispute Management Unit does not provide voluntary mediation services if a formal Claim for Compensation has been filed with the Division as the filing of a claim initiates a contested case proceeding.

Voluntary Mediation

Referrals for voluntary dispute management have been decreasing since 2005 but have largely leveled off for the last three years. In 2011, there were 264 referrals for voluntary mediation, only a 3.5 percent increase from 2010.

Referrals for Voluntary Dispute Management Assistance 2002 - 2011





Source of Referrals

The most common source of dispute management referral in 2011 was Division Information Specialists. Nearly half of the new cases originated from calls to the 800 line for the Division.

<u>Source of Referral</u>	<u>Count</u>	<u>Percent</u>
DWC Information Specialist (800 Line)	127	48.1
Phone Call	91	34.5
Dispute Management Conference Request	16	6.0
Other	15	5.7
Notification of Rights	14	5.3
Case Technician	1	.4
Total	264	100.0

Cause of Referrals

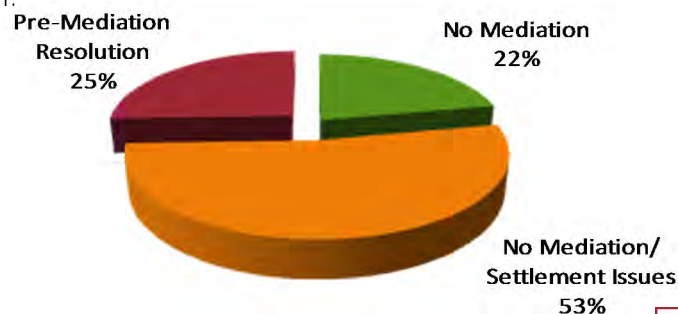
Cases will be referred to the dispute management unit when it appears a mediator may be able to resolve the issue without a formal proceeding. In 2011, the most common specific cause for a dispute referral had to do with an employee's request for medical treatment.

<u>Cause</u>	<u>Count</u>	<u>Percent</u>
Employee Request for	82	19.3
Other	79	18.6
PPD Issues	78	18.3
Eligibility for TTD	61	14.4
Denial of Benefits	41	9.6
Unpaid Medical Bills	28	6.6
Need for Medical Treatment	22	5.2
Question Benefit Amounts	14	3.3
Employer Not Reporting	13	3.0
Wage at Injury	3	.7
Mileage Reimbursement	2	.5
Permanent Disability	2	.5
Total	425	100.0

Note: A case may have more than one cause for referral.

Voluntary Dispute Referral Outcomes

In 2011, the dispute management unit closed 137 referred cases. Due to the voluntary nature of the dispute resolution process, the overwhelming majority of cases were closed without mediation.





Adjudication

The Division's statutory responsibility to adjudicate and resolve disputes under the law is fulfilled by the eight adjudication offices throughout the state of Missouri. The administrative law judges (ALJs), court reporters, docket clerks, and assistants provide the services to the parties to the case who appear at the scheduled docket settings in each respective office. The Division has streamlined the rendition of services by standardizing several forms that the parties utilize to request a docket setting. The Division offers various docket settings, such as voluntary settlement conference; prehearing; mediation; §287.203 hearing (to contest termination of compensation), hardship hearing; hearing upon final award; and notice to show cause or dismissal settings. The various docket settings are briefly summarized below. The Division also schedules evidentiary hearings on **medical fee disputes, crime victims' compensation cases, and tort victims' compensation cases.**

A case is set for a **voluntary settlement conference** before an ALJ after the employer/insurer has filed a First Report of Injury (FROI) with the Division, or after the employee has initiated a case through the Dispute Management Unit. A voluntary settlement conference may be set by written request of a party by completing a Division- approved form, or it may be set at the discretion of the Division.

A **pre-hearing** is a proceeding before an ALJ to discuss issues in a case in which a claim for compensation has been filed. A pre-hearing may be requested when:

- The parties want to present a settlement agreement for approval;
- Disputes or other issues arise that must be resolved in order for the case to proceed;
- The parties have a good-faith belief that a brief meeting with an ALJ will help in moving the case more expeditiously to settlement or final hearing.

A **mediation** is a setting in which the parties and their attorneys, if they are represented, meet with an ALJ to discuss issues in a confidential manner, identify areas of agreement and facilitate a compromise settlement of a claim to avoid proceeding to a hearing. A mediation may be set upon the written request of a party, provided that an ALJ finds that the issues have been sufficiently developed to make the mediation meaningful. It is the intent of the Division to conduct a mediation before the parties incur the expense of any expert medical depositions.

A **hardship hearing** is an evidentiary hearing held before an ALJ when the employee alleges that he or she is not at maximum medical improvement, is in need of medical treatment, or entitled to temporary total disability (TTD) benefits, and the employer is not providing such treatment or benefits. The hearing may alternatively be based on the termination of benefits under §287.203 RSMo. A hardship hearing is a hearing in which the employee is requesting the issuance of a temporary or partial award. A temporary or partial award addresses issues of medical treatment and payment of temporary disability benefits. If a party requests the issuance of a final award and makes it an issue at the hearing, and the evidence presented so merits, a final award may be issued.



A **hearing requesting issuance of a final award** is an evidentiary hearing held before an ALJ. Evidence is offered, testimony is presented, and a verbatim record is made for the reviewing tribunal. A final hearing may be requested when the employee has reached maximum medical improvement or the case is otherwise ready for final resolution.

All parties must appear at the hearing and be ready to proceed with the presentation of evidence on all issues. An ALJ may grant a continuance of the final hearing only upon a showing of good cause or by consent of the parties. A continuance will generally not be granted for conflicts after the attorney has cleared the hearing date in advance.

In cases where §287.203 RSMo applies, the ALJ shall issue an award, including findings of facts and rulings of law, within 90 days of the last day of the hearing. For all other hearings (except hearings on the medical fee disputes reasonableness cases) an ALJ shall issue the award within 90 days of the last day of the hearing. The hearing shall be concluded within 30 days of the commencement of the hearing, except in extraordinary circumstances.

If the ALJ determines that any proceedings have been brought, prosecuted or defended without reasonable grounds, the ALJ may assess the whole cost of the proceedings upon the party who brought, prosecuted, or defended them. The ALJ shall not issue a written award if the case is settled or dismissed after a hearing and before the award is issued.

Compromise settlements between the parties must be approved by an ALJ in order to be valid. An ALJ will approve a settlement agreement pursuant to §287.390 RSMo as valid and enforceable as long as:

- The settlement is not the result of undue influence or fraud;
- The employee fully understands his or her rights and benefits;
- The employee voluntarily agrees to accept the terms of the agreement; and
- The settlement is in accordance with the rights of the parties.

All stipulations for compromise settlement submitted for approval must be accompanied by copies of all available medical rating reports, surgical notes, and radiological reports, or **progress notes showing a diagnosis, or statement from the employer/insurer's attorney** indicating that the injury is of such a minor nature that no medical report is necessary. Stipulations for compromise settlement in an acceptable format may be presented for approval by mail or in person.

An order of **default judgment or dismissal** may be issued in the following circumstances:

- Default Hearings and Awards – A case may be set for default judgment upon the request of the employee if the employer/insurer has failed to appear and/or defend the claim.
- Voluntary Dismissals - A claim for compensation may be voluntarily dismissed by the employee as to any party, or the case as a whole.
- Dismissal for Failure to Prosecute – Cases in which no party has requested a setting in one year will automatically be set on a dismissal docket. The claim for compensation may be dismissed for failure to prosecute if, after notice to the **parties, the claimant or the claimant's attorney fails to show good cause as to why the claim should not be dismissed.**



Docket Settings & Hearings

In 2011, nearly 65,000 non-cancelled docket settings were handled by administrative law judges in the eight adjudication offices across the state. Almost five percent (3,215) of these settings were for evidentiary hearings. Non-hearing setting types decreased 16.4 percent in 2011, but settings for hearings, both final and hardship, increased again by just under 15 percent.

			Setting Types				Hearing Types	
Office/Docket Location		Counties Covered	Conference	Pre-Hearing	Mediation	Dismissal	Hardship	Final
Cape Girardeau Office								
	Bloomfield	Stoddard	48	32	92	31	2	10
	Cape Girardeau	Bollinger, Cape Girardeau, Perry	236	187	391	96	26	81
	Caruthersville	Dunklin, Pemiscot	71	19	199	34	0	4
	Farmington	St. Francois, St. Genevieve	179	116	240	81	7	48
	Festus	Jefferson	172	80	366	177	2	48
	Ironton	Iron, Madison, Reynolds, Washington	80	38	100	28	1	30
	New Madrid	New Madrid	60	83	147	25	1	5
	Popular Bluff	Butler, Carter, Ripley, Wayne	115	58	271	47	4	13
	Sikeston	Mississippi, Scott	100	90	174	41	3	23
Jefferson City Office								
	Boonville	Cooper, Howard	46	85	0	9	0	4
	Camdenton JC	Camden, Hickory, Morgan	151	417	0	18	9	19
	Columbia	Boone	422	783	2	19	7	43
	Eldon (Held in J.C.)	Miller	50	138	0	6	0	11
	Fulton (Held in J.C.)	Callaway	129	672	0	2	21	28
	Hannibal	Clark, Lewis, Marion, Pike, Ralls	235	597	0	19	4	27
	Hermann	Gasconade	34	74	0	2	0	2
	Jefferson City	Cole, Maries, Moniteau, Osage	238	520	621	33	14	66
	Kirksville	Adair, Knox, Putnam, Schuyler, Scotland, Sullivan	121	201	0	4	1	2
	Macon	Linn, Macon, Shelby	93	105	0	10	0	7
	Marshall	Saline	117	108	0	3	3	5
	Mexico	Audrain, Montgomery	120	282	0	11	0	23
	Moberly	Chariton, Monroe, Randolph	127	264	0	10	5	6
	Rolla	Crawford, Dent, Phelps	166	407	0	12	8	25
	Sedalia	Benton, Pettis	198	361	0	15	6	10



			Setting Types				Hearing Types	
Office/Docket Location		Counties Covered	Conference	Pre-Hearing	Mediation	Dismissal	Hardship	Final
Joplin Office								
	Joplin	Jasper	452	1,769	305	50	13	77
	Lamar	Barton, Cedar, Dade, Vernon	122	579	1	19	0	0
	Monett	Barry, Lawrence	206	823	0	10	0	0
	Neosho	McDonald, Newton	99	459	0	16	0	0
Kansas City Office								
	Clinton	Bates, Henry, Johnson, St. Clair	175	42	0	84	3	19
	Kansas City	Cass, Jackson, Southern Platte	811	235	1,488	1,308	121	448
	Lexington	Lafayette, Ray	64	12	0	16	0	2
	Liberty	Clay	395	80	0	318	25	115
Springfield Office								
	Branson	Stone, Taney	162	240	57	24	1	4
	Lebanon	Laclede, Pulaski, Wright	156	207	70	21	1	14
	Springfield	Christian, Dallas, Greene, Polk, Webster	634	1,437	528	77	20	189
	West Plains	Douglas, Howell, Oregon, Ozark, Shannon, Texas	133	79	43	7	0	10
St. Charles Office								
	St. Charles	St. Charles	266	5,324	745	104	25	165
	Union/Washington	Franklin	198	1,779	269	32	0	40
	Warrenton	Lincoln, Warren	70	822	135	30	2	15
St. Joseph Office								
	Bethany	Daviess, Harrison	10	24	0	1	0	0
	Chillicothe	Caldwell, Carroll, Livingston	53	70	7	5	2	5
	Maryville	Atchison, Gentry, Holt, Nodaway, Worth	93	81	5	3	1	0
	Platte	Platte	311	572	155	60	2	46
	St. Joseph	Andrew, Buchanan, Clinton, DeKalb	486	954	211	69	8	30
	Trenton	Grundy, Mercer	44	47	3	4	0	2
St. Louis Office								
	St. Louis	City of St. Louis, St. Louis County	2,299	14,005	5,238	693	71	1,075
	TOTALS		10,547	35,357	11,863	3,684	419*	2,796*

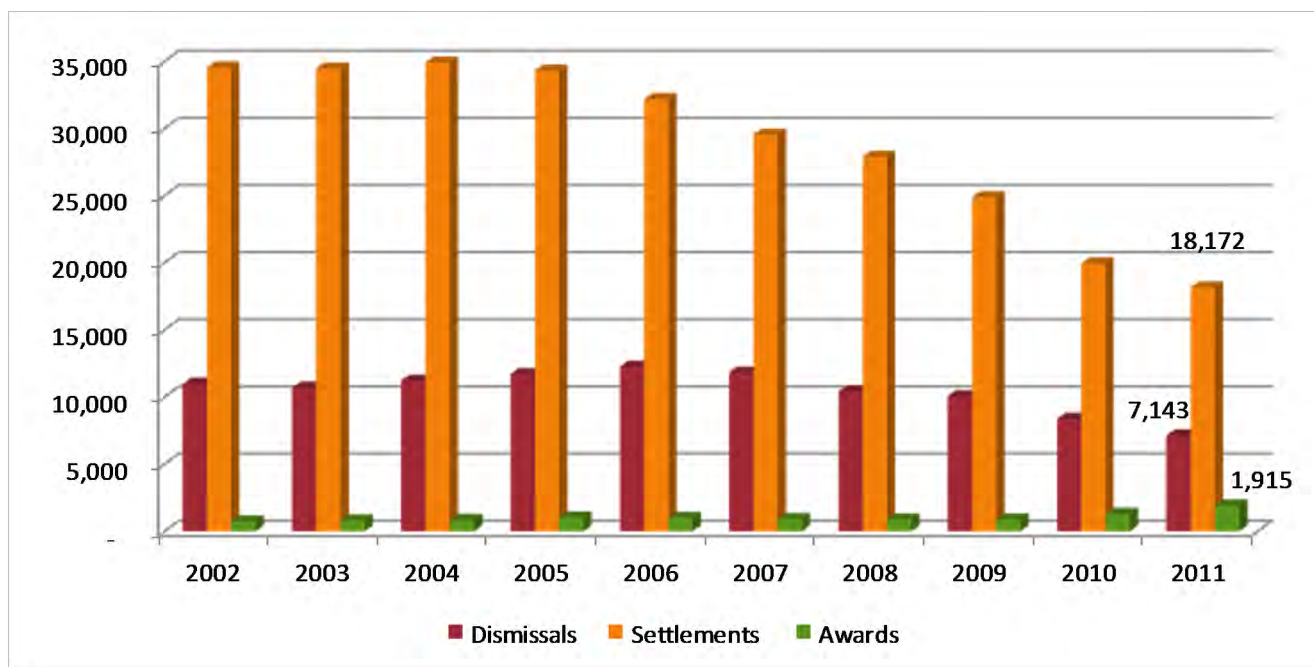
* **Note:** Last minute cancellations of scheduled hearings, due to settlement or requests for continuance, are not recorded in the DWC database. Therefore, the number of hearings actually conducted is less than shown here.



Case Resolutions

In 2011, almost 23,000 workers' compensation cases were resolved by an ALJ. This is a 7.3 percent decrease from the number of cases resolved in 2010. While settlements and dismissals both saw declines in 2011, the number of awards issued increased 46.6 percent from 2010.

Workers' Compensation Case Resolutions 2002 - 2011



Section 287.460, RSMo, requires all awards to be issued by the administrative law judge within 90 days of the last day of the hearing on the case. The hearing is generally concluded within 30 days of the commencement of the hearing, unless there are "extraordinary circumstances where a lengthy trial or complex issues necessitate a longer time than 90 days." In 2011, 97 percent of all awards were issued within the statutory time frame. Since 2008, the ALJs have maintained a 97 percent success rate.





Tort Victims' Compensation Fund

The Missouri Tort Victims' Compensation Fund (the Fund) was established by legislation passed in 1987. Revenue into the Fund is generated by a portion of money paid as punitive damages in civil lawsuits in Missouri. In 2001, the Missouri General Assembly enacted legislation authorizing claims to be made against the Fund, giving the Division of Workers' Compensation the duty to evaluate those claims, and set up criteria for the evaluation of those claims.

The purpose of the Fund is to help compensate people who have been injured due to the negligence or recklessness of another (such as in a motor vehicle collision or a hunting accident), and who have been unable to obtain full compensation because the party at fault (the "tortfeasor") had no insurance, or inadequate insurance, or has filed for bankruptcy, or for other reasons specified in the law.

There were 24 claims filed during the 2008 Annual Claims Period. Twenty of these 2008 claims were successful; the value of individual claims ranged from \$25,000.00 to \$300,000.00, and the aggregated total was \$4,005,458.59.

In 2009, there were 36 claims filed during the Annual Claims Period. Thirty-two claims were successful. There was \$2,450,000.00 available to pay claims, thus each claimant received more than 34.2 cents for each dollar awarded.

One-hundred-one claims were filed during the 2010 Annual Claims Period. There were 85 successful claims. The value of individual successful claims ranged from \$20,000.00 to \$300,000.00, and the aggregated total was \$16,935,060.39. On June 30, 2011, there was \$345,275.00 available to pay claims. Therefore, each claimant received more than 2.04 cents for each dollar awarded.

During the 2011 Annual Claims Period, 88 claims were filed. The balance of the fund on December 31, 2011 was \$49,566.85.

Crime Victims' Compensation Fund

Effective Aug. 28, 2007, the Missouri Crime Victims' Compensation Fund was transferred from the Division of Workers' Compensation to the Missouri Department of Public Safety. However, the Division's administrative law judges (ALJs) have the statutory authority to hold hearings de novo upon a petition filed by a party aggrieved by the decision of the Department of Public Safety. The administrative law judge (ALJ) may affirm, **reverse or set aside the decision of the Department. The administrative law judge's (ALJ) decision may be appealed to the Labor and Industrial Relations Commission.** Twenty-five hearings and prehearings were held in 2011. In 2010, there were 32 hearings and prehearings **held for the Crime Victims' Compensation Fund and there were nine such hearings held in 2009 and 42 in 2008.**



Accomplishments & Initiatives

ELECTRONIC REPORTING OF SECOND INJURY FUND SURCHARGE QUARTERLY REPORTS

The Division successfully implemented the electronic reporting for the SIF surcharge beginning with the 4th quarter of 2008. Quarterly report forms are emailed with the website link to the contact person on file with the Division for the entity. The entity completes and submits the quarterly reports electronically to the Division. The Division sends a confirmation to the entity which is used to send payments to the Division. The process has been streamlined to ensure efficiency and has resulted in cost savings to the stakeholders and the Division.

DELIVERY OF SIF BENEFIT PAYMENTS TO THE RECIPIENTS VIA DIRECT DEPOSIT

The benefit payment may be direct deposited to the recipients' bank account or mailed. The majority of the recipients have elected to receive their benefit payments via direct deposit. This has resulted in cost savings to the Division.

REMOTE ELECTRONIC CLAIMS AUDIT

The Division's Insurance Unit established procedures in 2010 for its auditors to conduct remote electronic claims audits if a third-party administrator (TPA) maintains its case files electronically. This eliminates travel time and related expenses and maintains the integrity of the claims audit and audit reports. The Unit has been able to conduct remote electronic audits with 3 major TPAs that serve approximately 10 percent of the self-insured employers and trusts.

REMOTE FILING OF CLAIMS FOR COMPENSATION AND ANSWERS

The Division has implemented a process whereby a party may submit a Claim for Compensation and Answer to the Claim for Compensation in any of its adjudication offices throughout the state versus mailing these forms directly to the Division's Jefferson City office. This process has realized savings to the Division of approximately \$300 a week. It has also reduced processing time for the Division's staff.

TRANSCRIPTS

The Division implemented a pilot project in its Jefferson City adjudication office whereby transcripts on awards that have been appealed to the Labor & Industrial Relations Commission are sent to the parties to the proceeding in a CD versus mailing of a paper copy. This has resulted in cost savings to the stakeholders.

ELECTRONIC DATA DISTRIBUTION

The Division continues to achieve success based upon the implementation of the electronic transmission of docket notices to parties who voluntarily sign up to receive notices electronically. In 2011, over 150,000 docket notices were sent out resulting in a savings of nearly \$500,000 for the Division. The Division reached out to Trading Partners such as insurance companies and TPAs and offered them the ability to submit supplemental reports in the case electronically. So far 59 trading partners have taken advantage of this option.



Interstate Comparison

Workers' Compensation Premium Rate Rankings

Missouri employers pay, on average, the 19th lowest workers' compensation premium rates in the nation. Missouri's premium rate index is \$1.90 per \$100 of payroll or 93 percent of the national median, which was \$2.04 in 2010. This is a 9.7 percent decrease from the national median in 2008.

2010 Ranking	2008 Ranking	State	Index Rate	Percent of study median	Effective Date
1	2	Montana	3.33	163%	July 1, 2009
2	1	Alaska	3.10	152%	January 1, 2010
3	10	Illinois	3.05	149%	January 1, 2010
4	9	Oklahoma	2.87	141%	11/1/09 State Fund, 1/1/10 Private
5	13	California	2.68	131%	January 1, 2010
6	20	Connecticut	2.55	125%	January 1, 2010
7	16	New Jersey	2.53	124%	January 1, 2010
8	5	Maine	2.52	123%	January 1, 2010
10	14	New Hampshire	2.45	120%	January 1, 2010
10	8	Alabama	2.45	120%	March 1, 2009
12	17	Texas	2.38	117%	May 1, 2009
12	12	South Carolina	2.38	117%	July 1, 2009
13	19	New York	2.34	115%	October 1, 2009
14	15	Pennsylvania	2.32	114%	April 1, 2009
15	7	Kentucky	2.29	112%	October 1, 2009
16	24	Minnesota	2.27	111%	January 1, 2010
17	3	Ohio	2.24	110%	July 1, 2009
18	4	Vermont	2.22	109%	April 1, 2009
19	34	Wisconsin	2.21	108%	October 1, 2009
20	21	Tennessee	2.19	108%	November 4, 2009
21	18	Nevada	2.13	104%	March 2, 2009
23	32	Michigan	2.12	104%	January 1, 2009
23	22	North Carolina	2.12	104%	April 1, 2009
24	25	Georgia	2.08	102%	July 1, 2009
25	11	Louisiana	2.06	101%	October 1, 2009
26	38	Washington	2.04	100%	January 1, 2010
28	36	South Dakota	2.02	99%	July 1, 2009
28	26	Rhode Island	2.02	99%	January 1, 2010
29	34	Idaho	1.98	97%	January 1, 2010
30	32	Nebraska	1.97	97%	February 1, 2009
31	24	Mississippi	1.96	96%	March 1, 2009
32	32	New Mexico	1.91	94%	January 1, 2010
33	28	Missouri	1.90	93%	January 1, 2010
34	7	Delaware	1.85	91%	December 1, 2009
35	41	West Virginia	1.84	90%	November 1, 2009
36	41	Iowa	1.82	89%	January 1, 2010
37	37	Wyoming	1.79	88%	January 1, 2010
38	45	Arizona	1.71	84%	January 1, 2010
40	36	Hawaii	1.70	83%	January 1, 2010
40	28	Florida	1.70	83%	January 1, 2010
41	39	Oregon	1.69	83%	January 1, 2010
42	44	Maryland	1.63	80%	January 1, 2010
43	42	Kansas	1.55	76%	January 1, 2010
44	49	Massachusetts	1.54	75%	September 1, 2008
45	46	Utah	1.46	71%	December 1, 2009
47	43	Colorado	1.39	68%	January 1, 2010
47	48	Virginia	1.39	68%	April 1, 2009
48	29	District of Columbia	1.32	65%	November 1, 2009
49	47	Arkansas	1.18	58%	July 1, 2009
50	50	Indiana	1.16	57%	January 1, 2010
51	51	North Dakota	1.02	50%	July 1, 2009

Source: Oregon Department of Consumer & Business Services, 2010.



MO DWC Contacts

Missouri Division of Workers' Compensation
(Central Office)

P.O. Box 58
Jefferson City, MO 65102-0058
(573) 751-4231
Internet Home Page:
www.labor.mo.gov/wc

Toll Free Information Line:
(800) 775-2667

Missouri Workers' Safety Program
P.O. Box 449
Jefferson City, MO 65102-0449
(573) 526-5757

Dispute Management Unit
P.O. Box 58
Jefferson City, MO 65102-0058
(573) 526-4951

Insurance Unit
P.O. Box 58
Jefferson City, MO 65102-0058
(573) 526-3692

Rehabilitation and Second Injury Fund
P.O. Box 58
Jefferson City, MO 65102-0058
(573) 526-3505

Fraud and Noncompliance Unit
P.O. Box 1009
Jefferson City, MO 65102-1009
(800) 592-6003

Medical Fee Dispute
P.O. Box 58
Jefferson City, MO 65102-0058
(573) 526-5610 or (573) 522-2546

Religious Exception and Proof of Coverage
P.O. Box 58
Jefferson City, MO 65102-0058
(573) 522-2546 or (573) 526-4941

Local Office Directory

Cape Girardeau

Phone: (573) 290-5757 Fax: (573) 290-5760
3102 Blattner, Suite 101
Cape Girardeau, MO 63701

Jefferson City

Phone: (573) 751-4231 Fax: (573) 751-2012
3315 West Truman Blvd., P.O. Box 58
Jefferson City, MO 65102

Joplin

Phone: (417) 629-3032 Fax: (417) 629-3035
3311 Texas Ave.
Joplin, MO 64801

Kansas City

Phone: (816) 889-2481 Fax: (816) 889-2489
1410 Genessee St., Suite 210
Kansas City, MO 64102-1047

Springfield

Phone: (417) 888-4100 Fax: (417) 888-4105
1736 E. Sunshine, Suite 610
Springfield, MO 65804

St. Charles

Phone: (636) 940-3326 Fax: (636) 940-3331
3737 Harry S. Truman Blvd.
St. Charles, MO 63301

St. Joseph

Phone: (816) 387-2275 Fax: (816) 387-2279
525 Jules St.
St. Joseph, MO 64501

St. Louis

Phone: (314) 340-6865 Fax: (314) 340-6915
111 North 7th St., Room 250
St. Louis, MO 63101



Additional Contacts

Missouri Department of Insurance
Property and Casualty Section
P.O. Box 690
Jefferson City, MO 65102-0690
(573) 751-3365 or (800) 726-7390
Internet Home Page:
www.insurance.mo.gov

National Council on Compensation Insurance
11430 Gravois Road
St. Louis, MO 63126
(314) 843-4001
Customer Service (800) 622-4123
Internet Home Page: www.ncci.com



Missouri Department of Labor and Industrial Relations
Division of Workers' Compensation
P. O. Box 58
3315 West Truman Blvd
Jefferson City, MO 65102-0058

Phone: 800-775-2667
E-mail: workerscomp@labor.mo.gov
Website: www.dolir.mo.gov/wc